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IDENTIFIERS	*Illinois (Chicago)

ABSTRACT

The proceedings contain 36 research papers and summaries/recommendations of 12 panels participating in the 1981 symposium, providing varied and extensive discussions about Hispanics in business, as consumers, and as managers. The materials are divided into five sections, each prefaced by a 1-4 page discussion highlighting the relevance of the specific topics and providing a summary of articles in that section. Part I, "Hispanic Business," presents the state of the art and agenda for action, comparative studies, issues and opportunities (private sector procurement, venture capital, Small Business Administration activities, etc.), and models for development and growth. Part II, "Hispanic Consumer Market," encompasses demographic and behavioral characteristics of Hispanic consumers, advertising and marketing research issues, and consumer education. Part III, "Hispanics in Management," considers recruitment of Hispanics into managerial positions, Hispanics in business schools, and issues affecting Hispanics in managerial positions. Part IV, "Hispanics as a Human Resource," considers income differences, job information dissemination, and job attitudes. Part V contains articles on Hispanics in Chicago. Appendices include the keynote presentation by Michael Cardenas, a speech by Emma Navajas-Rytting, and proclamations by the City of Chicago and the State of Illinois designating Hispanic Business Week. The symposium agenda and committee members are provided. (NEC)

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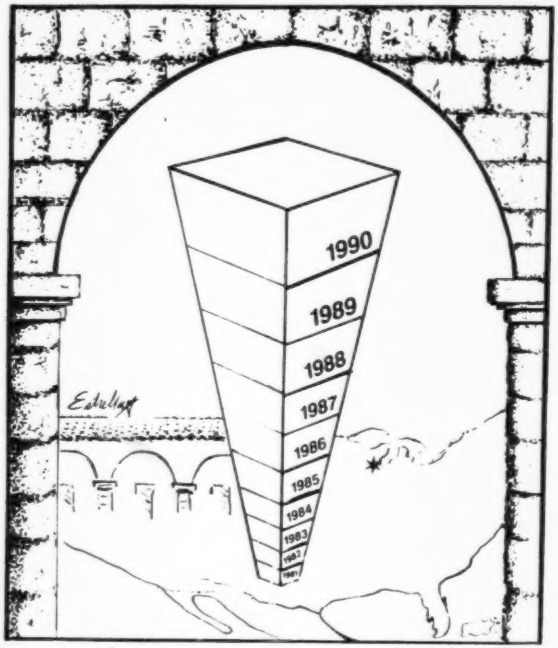
HISPANIC BUSINESS AND ECONOMY IN THE 1980's

"Proceedings of the Third National Symposium on Hispanic Business and Economy"

November 15, 16, 17, 1981
Chicago, Illinois

Armando R. Triana, Editor



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THE COLLEGE OF COMMERCE OF
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THE COLLEGE OF COMMERCE OF
DePaul University

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It is difficult to give credit to all those who contributed to the success of the Third National Symposium on Hispanic Business and Economy because it was a truly group effort. However, the fact that so many do share the credit represents in itself a major accomplishment. Special recognition must be given to the following. Dr. Luis Aranda and the board members of the National Association of Hispanic Professors of Business Administration and Economics for providing the inspiration, support and direction that has made these three symposiums possible. Brother Leo V. Ryan, C.S.V. and the College of Commerce of DePaul University for the trust, financial support and resources which were really indispensable to carry out this effort. The Association of American Collegiate Schools of Business for the continued support it has given to these symposiums for the beginning. Víctor Rivera and the Minority Business Development Agency for their input in the form of ideas and financial support. Their support was complemented by the work and resources generated by the Organizing Committee and by the Advisory Committee.

The Organizing Committee members dedicated many hours and their enthusiasm to make the symposium a reality. Irma Claudio's title as Vice-chairperson of the Symposium best describes her invaluable efforts and contribution. In addition to her long hours of work and creativity she was instrumental in bringing into this effort many of the others who share the credit for its success. Laurina McNeilly spearheaded the organization of the panels which were a major innovation in this symposium. Emperatriz Pumarejo structured and ran the symposium arrangements with a professionalism that left the participants commenting about it. Miguel Valdivieso helped in fund raising, financial management and by organizing the student workshops which added another dimension to the symposium. Five other persons made important contributions to the organization process even if they were not part of this committee. Celso Moreno provided valuable advice, long hours of work and intense involvement to this effort. Lewis Matuszewitch helped organize four of the panels. José Nava who shared with me his experiences for organizing a conference. Finally, Pat Probst who provided the reliability and organization to the clerical work (she told me at the end "I have never worked under worse conditions and enjoyed it more"). Frequently, nationality of origin becomes an obstacle in getting people to work together. However, this group included a Puerto Rican, a Colombian, an Ecuadorian, three Mexicans, three non-Hispanic Americans and a Cuban. The combined resources and efforts allowed us to do what one group alone could not have done.

The Advisory Committee provided both input that helped to structure the content of the symposium as well as critical financial support. All in all, the members of the Advisory Committee helped to raise close to $20,000 in cash. Nelson Carlo deserves a special mention for his individual efforts brought close to $10,000 from twenty different corporations. Angelo Velázquez and Arthur Velázquez were two other other Hispanic business owners who made important contributions of their own in time and resources. Phillip Drotning and the Amoco Foundation grant allowed the publication of these Proceedings and a contribution by Kraft, Inc. allowed us to cover the cost of the registrations of 25 students. Lee Rodríguez and Fidel López from Continental Bank and Sarina Bellman of Illinois Bell also provided important contributions in kind. Mario Aranda gave valuable help in fund raising also. Steve Christie, Henry Crepeau and George Davelis provided special support through the time devoted by members of their

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staffs. Rose Mary Bombella and Patricia Vidri made sure that the week of the symposium was named the "Week of Hispanic Business" by the State of Illinois and by the city of Chicago respectively. Special recognition should go to Francisco Rodríguez and Southwestern Publishing Co. for their contribution when the symposium was just an idea.

The success of the symposium was due, ultimately, to those who submitted their research in the sessions, participated in the panels and attended the discussions. It was for those processes that the symposium was organized.

I want to give special thanks to my wife María del Carmen for her patience, support and assistance during the long days of work before and after the symposium.

I would like to finish these comments with a phrase Hector Barreto used in his address during the first luncheon: "No queremos que se nos de, sino que se nos diga donde haiga" (we don't want to be given things, all we want is to know where to get them). This book has many of the ideas and information we found stimulating during the symposium. Hopefully they will help us see how to move further.

THIRD NATIONAL SYMPOSIUM ON HISPANIC BUSINESS AND ECONOMY

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PREFACE

The papers and panel recommendations in this book resulted from the Third National Symposium on Hispanic Business and Economy. This meeting took place during November 15 through 17, 1981 at the Holiday Inn Mart Plaza in Chicago. The background of this symposium and a summary of its results is as follows.

The symposiums on Hispanic Business and Economy have been organized by the board of directors of the National Association of Hispanic Professors of Business Administration and Economics. The first symposium took place in Phoenix, Arizona in 1978 and it was chaired by Dr. Luis Aranda. The second symposium took place in Miami, Florida in 1979 and it was chaired by Dr. Leonardo Rodríguez. The third symposium was chaired by Dr. Armando Triana. The College of Commerce of DePaul University was the host institution and sponsor of this event. Other sponsors were: The National Association of Hispanic Professors of Business Administration and Economics, the American Association of Collegiate Schools of Business and the Minority Business Development Agency of the Department of Commerce.

The responsibilities of the chairman included fund raising, program design and local arrangements. To attain these objectives three committees were formed. An Advisory Committee was organized inviting a selected set of individuals who could assist by providing input with ideas and with help in obtaining funding. A Paper Review Committee was formed to review the papers submitted as a result of a nationally announced call for papers. An Organizing Committee was in charge of engineering the remaining efforts.

Two thirds of the funds (excluding registration fees) were generated with the assistance of the advisory committee members. Two thirds of the panel discussions and workshops were structured by the organizing committee members or others they motivated. At the end, we had reached a four level structure in most of the panels organized:

National Chairman
↓
Organizing Committee and others
↓
Panel Chairpersons
↓
Panel Members

These panel discussions incorporated many persons that otherwise would not have attended paper sessions or shared their experiences.

As a result of all these efforts the Third National Symposium on Hispanic Business and Economy included twelve sessions where research papers were presented, twenty-two panel discussion sessions and two workshops. Recorded participation totalled 259 persons. Actual attendance is estimated at about 400 persons. The recorded participation surpassed that of the second symposium by 56% which had surpassed that of the first symposium also.

The recorded participants consisted of 28% university professors, 18% business students, 47% business owners or managers and 7% government officials. All in all, 60% of the participants were Hispanic and 40% were not Hispanic. The 79 participants from outside Chicago came from nineteen states, Puerto Rico and Washington, D. C. Of these, 40 came from universities and research centers, 31 were from businesses and 8 were from government entities. The 179 participants from the

Chicago area included 31 university professors, 42 students, 91 persons from business and 10 persons from government entities.

The plenary sessions presented a number of important speakers. These included the two highest ranked Hispanics in the administration of President Ronald Reagan at that time, Messrs. Michael Cárdenas and Víctor Rivera. The President of the U. S. Hispanic Chamber of Commerce, Mr. Héctor Barreto; the Chairman of Los Angeles National Bank, Tirso del Junco and the representative of the Governor of Puerto Rico, Mrs. Emma Navajas-Rytting. The press coverage was substantial including La Raza Newspaper, Chicago Tribune, Chicago Sun-Times, Hispanic Business, Milwaukee Journal, WCIU-TV, WGN-TV, WFLD-TV, WMAQ-TV, WLS-TV, WOJO-FM, New York Times and others.

One of the concrete outcomes of these efforts is this book. It was published to help disseminate more information on Hispanic business and economy. However, its most important objective is to encourage further investigation and discussion of the issues presented in the articles and panels that were part of the symposium. To stimulate further exploration of those topics, the papers and panel recommendations were organized into five parts:

I Hispanic Business
II Hispanic Consumer Market
III Hispanics in Management
IV Hispanics as a Human Resource
V Hispanics in Chicago

Each part starts with an introduction and a brief summary of the papers and panels included in that section. Hopefully, this format will assist in the use and further discussion of the topics covered.

Before concluding, I want a note that the fourth national symposium will be chaired by Dr. Antonio Furino with the assistance of Dr. Jude Valdez. It will take place in San Antonio in the Fall of 1984. Espero verlos ahí. Hasta entonces, un abrazo.

Armando Triana

THIRD NATIONAL SYMPOSIUM ON HISPANIC BUSINESS AND ECONOMY IN THE 1980's

Holiday Inn Mart Plaza
Chicago, Illinois

November 16-17, 1981

AGENDA

MONDAY A.M.		ROOM
7:30 - 9:00	**REGISTRATION.** coffee and rolls	Sauganash East
8:30 - 10:15	**OPENING SESSION** Master of Ceremonies, Celso Moreno, Deputy Director MBDA. Welcome: Armando Triana, National Chirperson. Welcome to DePaul: Rev. John T. Richardson, C.M., President. Introduction to the Speaker: Brother Leo V. Ryan, C.S.V., Dean College of Commerce, DePaul University. Keynote Speaker: Michael Cárdenas, Administrator of Small Business Administration. **Taking Stock for the 1980's** (Audio Visual Presentation) **Irma Claudio**, Vice-Chairperson.	
10:15 - 10:30	**BREAK** -hello to old and new friends.	
10:30 - 12:00	**CONCURRENT SESSIONS**	
GENERAL (G-1) (P)*	**HISPANICS IN CHICAGO, AN OVERVIEW** **Demographics**- Isidro Lucas, U.S. Commission of Civil Rights. **Status of Business**- Laurina McNeilly, City of Chicago, Office of Intergovernmental Affairs. **Consumer Market Characteristics**- Armando Triana, DePaul University.	Western Stage
BUSINESS: (B-1) (P)	**HISPANIC BUSINESSES: FIELD RESEARCH** **The Bureau of the Census Survey of Hispanic Business: Present Status and Future Developments**- Joel Richardson, Bureau of the Census, Washington, D.C. **Value Profiles Among Anglo, Latin and Black Entrepreneurs**- Richard Hodgetts and Wayne Cascio, Florida International University. **An Economic Analysis of Successful Hispanic Businessmen**- Miguel A. Valdivieso, Regional Transit Authority	Merchants A
BUSINESS: (B-2) (P)	**HISPANIC BUSINESS: MODELS FOR INVESTIGATION** **The Integrative Role of Entrepreneurs in the Development of the U.S. Hispanic Community**- Earl Young, DePaul University. **Implications of a Model of the Genesis of Science Based Firms**- Charles A. Ziegler and Victor Quiñonez, University of Puerto Rico. **An Exploration Into the Hispanic Business Character: A Working Model**- Evodio Llevada, Florida International University **Stability Vs. Growth**- Michael Massel, San Diego State University.	Merchants B
BUSINESS: (B-3) (R)*	**SMALL BUSINESS ADMINISTRATION ACTIVITY: CHICAGO BANKS** Chairperson: Lewis Matuszewich, Matuszewich and Associates, Richard Durkin, Regional Director of Small Business Adm. Robert Oseland, Commercial Credit, Oscar Williams, Drexel National Bank; Charles Wisniewski, American National Bank.	(by invitation only)

*(P) Paper presentation

*(R) Round table discussions

		ROOM
CONSUMER: (C-1) (R)	**WHAT DO THE VARIOUS HISPANIC COMMUNITIES IN THE U.S.A. HAVE IN COMMON?** Chairperson: Leo J. Shapiro, Leo J. Shapiro and Associates Carlos Arce, University of Michigan Carmen Rivera-Martínez, University of Chicago Pastora San Juan Cafferty, University of Chicago	American House
HUMAN RESOURCES: (HR—1) (R)	**PROBLEMS IN RECRUITING HISPANICS FOR MANAGERIAL AND TECHNICAL POSITIONS** Chairperson: Nancy C. Gutiérrez, Pacific Telephone Co. Rubén García, Pacific Telephone Co.	Steamboat A
	OBSTACLES AND MOTIVATING FACTORS FOR HISPANICS TO ENTER IN BUSINESS SCHOOL - STUDENTS VIEW Co-chairpersons: Raúl Chavarría, DePaul University Student Helen Lavan, DePaul University	Shakespeare
MONDAY P.M. 12:00 - 1:45	**LUNCH** Speakers: Víctor Rivera, Director, Minority Business Development Agency Héctor Barreto, President, U.S. Hispanic Chamber of Commerce	Sauganash East
1:45 - 3:15	**CONCURRENT SESSIONS**	
BUSINESS: (B-4) (P)*	**RESEARCH OF MINORITY AND HISPANIC ENTERPRISES: THE STATE OF THE ART AND AGENDA FOR ACTION** (continues during the 3:30 to 5:00 block) Chairperson: Antonio Furino **Research on Minority and Hispanic and Minority Enterprises. The State of the Art and an Agenda for Policy**- Bruce Kirchhoff and Richard Stevens, Minority Business Development Agency **The Census Special Surveys of Minority Businesses; Present Status and Future Developments**- Joel Richardson, Bureau of Census, Washington, D.C. **Studying Minority Business Behavior: The Potential of Recent Refinements in MBDA Data and Research**- Timothy Bates, University of Vermont and Antonio Furino, University of Texas at San Antonio **Problems and Challenges for the Social Scientist Interested in Studying the Behavior of Hispanic-owned Firms**- Luis Aranda, Arizona State University **Relevance of Information and Research to the Hispanic Business Community: A User's Viewpoint**- Jesús Chavarría, Editor, Hispanic Business	Western Stage
BUSINESS (B-5) (R)*	**ENTITLEMENT PROGRAM VS. SELF SUFFICIENCY** Chairperson: Lee Rodríguez, Continental Illinois National Bank Nelson Carlo, Abbott Group, Ltd. Fidel López, Continental Illinois National Bank Richard Turner, South Shore Bank	Merchants A
BUSINESS (B-6) (R)	**ADVOCACY AND NETWORKING FOR HISPANIC BUSINESS** Co-chairpersons: Mario Aranda, Latino Institute Arthur Velázquez, Azteca Corn Products	Suite (By invitation only)
CONSUMER (C-2) (P)	**PROFILING THE HISPANIC CONSUMER MARKET** **Targeting the Hispanic Consumer Market**- David Laydon and Claude Simpson, Northeast Louisiana University **The Hispanic Market: A Demographic and Cultural Profile**- Antonio Petto, DePaul University **The Hispanic Market: A Study of Purchasing and Behavior, Recreation Habits and Budgetary Allocations**- Nicholas J. Tortorello, Dresner, Morris & Tortorello Research, Inc., New York	Merchants B

ROOM

CONSUMER
(C-3) (P)

ADVERTISING CHANNELS EFFECTIVENESS

American House

A Comparison of the Efficiency of Advertising in Hispanic and English Language Television- Mary Beth McCabe, WCIU-TV, Chicago.

Strategy for Evaluating the Effectiveness of Hispanic Advertising and Hispanic Role Portrayal in the Media- Helena Czepiec, DePaul University

Word Equivalencies or Conceptual Equivalencies in Hispanic Copy and Advertising Production- Henry Adams -Esquivel, Market Development, Inc., San Diego

HUMAN RESOURCES:
(HR-2) (R)

CROSS CULTURAL MANAGEMENT:
THE CASE OF THE HISPANIC MANAGER IN THE U.S.

Steamboat A

Chairperson: Miguel Tirado, Naval Postgraduate School
Marta Calás, University of Puerto Rico
Francisco Carrado, Instituto Tecnológico de Monterrey
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María Velasco, Universidad Autónoma de México

STUDENT WORKSHOP
(ME-2) (W)*

RESUME WRITING
AND INTERVIEWING TECHNIQUES WORKSHOP

Shakespeare

Co-chairpersons: Kenneth C. Conway, DePaul University
Miguel A. Valdivieso, Regional Transportation Authority
Adriana Díaz, President, DePaul Latino Student Organization

3:30 - 5:00 CONCURRENT SESSIONS

BUSINESS:

RESEARCH ON MINORITY AND HISPANIC ENTERPRISES: THE STATE OF THE ART AND AN AGENDA FOR ACTION
(Continued)

Chairperson: Antonio Furino,
University of Texas at San Antonio

BUSINESS:
(B-10) (R)

ALTERNATIVE TECHNICAL ASSISTANCE DELIVERY SYSTEMS TO HISPANIC BUSINESS

Merchants A

Chairperson: Lewis Matuszewich, Matuszewich and Associates
Mario Aranda, Latino Institute
Rolando Capdevilla, National Economic Development Assn.
Victor Rivera, Minority Business Development Agency
Patricia Vidri, City of Chicago.

CONSUMER:
(C-4) (P)

SEGMENTATION OF THE HISPANIC MARKET

Merchants B

The Effect of Mass Media on the Puerto Rican Family: An Exercise in Segmentation- Victor Quiñones and Luis Benaves, University of Puerto Rico

The Forgotten Consumers: The Mexican American Fernando Cervantes, Universidad Autónoma de México

A Programatic Approach to Hispanic Consumer, Marketing and Advertising Research- Loretta H. Adams, Market Development, Inc.

CONSUMER
(C-5) (R)

DEFINING "GENERIC" SPANISH

American House

Co-chairpersons: Antonio Ruiz and Alfredo Jarrin, J. Walter Thompson

ROOM

HUMAN RESOURCES: (HR-3) (R)
CROSS CULTURAL MANAGEMENT: THE CASE OF THE HISPANIC MANAGER IN THE U.S. (Cont'd)
Steamboat A

Chairperson: Miguel Tirado, Naval Postgraduate School
Marta Calás, University of Puerto Rico
Francisco Carrada, Instituto Tecnológico de Monterrey
Mariah deForest, Inberman and deForest
John Fernández, Bell of Pennsylvania
Larry E. Penley, University of Texas at San Antonio
Graciela Sánchez, Universidad Autónoma de México
María Velasco, Universidad Autónoma de México

HUMAN RESOURCES: (HR-4) (P)
HISPANICS IN THE U.S. LABOR FORCE
Steamboat B

An Examination of the Income Gap Between Hispanics and the General Population 1971-1979- Michael I. Klima, DePaul University and Miguel Valdivieso, Regional Transportation Authority

Wage Discrimination Against Hispanic American Men
Cordelia Reimers, Princeton University

Job Segregation Among Employed Youth-
Richard Santos, Ohio State University

Affirmative Action and Social and Economic Progress of the Hispanic Worker in the 1980's-
Gilbert Cárdenas, Pan American University

STUDENT WORKSHOP: (ME-3) (W)
CAREER SELECTION WORKSHOP
Shakespeare

Co-chairpersons: Kenneth C. Conway, DePaul University
Miguel A. Valdivieso, Regional Transportation Authority

5:00 - 7:00 **COCKTAIL RECEPTION**
Button's

Hors d'Ouvres Courtesy of Anheuser Busch
Cash Bar

TUESDAY A.M.

7:30 - 8:45 **BREAKFAST**
Sauganash

Speaker: Dr. Tirso del Junco, Founder and Chairman of the Los Angeles National Bank

8:45 - 10:15 **CONCURRENT SESSIONS**

BUSINESS: (B—11) (R)
VENTURE CAPITAL: ALTERNATIVES IN THE 80'S
Merchants A

Chairperson: Lewis Matuszewich, Matuszewich and Associates.
Robert Comey, President Tower Ventures, Inc.
Richard Durkin, Regional Director, Small Business Administration
Tirso del Junco, Los Angeles National Bank
Roscoe Mitchell, Chairman, Chicago Community Ventures, Inc.

CONSUMER (C-6) (P)
THE HISPANIC MARKET: CHARACTERISTICS, LIFE STYLES, MARKETING AND MEDIA BEHAVIOR
Western Stage

Peter Krieg, Vice President
Yankelovich, Skelly and White

HUMAN RESOURCES
(HR-6) (P)

EMPLOYMENT OPPORTUNITIES OF HISPANIC IN THE U.S. LABOR FORCE

ROOM
American House

Hispanic Job Search Efforts in the Labor Market- John García, University of Arizona.

Access of Hispanics to Managerial, Technical and Professional Positions in Business and Government: Lessons from the 1970's- Louise Wolitz, University of Texas at San Antonio

Industrial Employment Opportunities and the Hispanic Community: The Case of Pilsen- Robert Mier, Robert Giloth and David Less, University of Illinois, Circle Campus

Impact of Career Strategies and Tactics in the Career Progress of Mexican Americans and Anglo Americans- Sam Gould and Larry E. Penley, University of Texas at San Antonio.

MANAGEMENT EDUCATION
(ME-4) (R)

COUNSELOR'S PERSPECTIVES OF HISPANIC BUSINESS SCHOOL ENROLLMENT

Steamboat B

Chairperson: Angeles Eames, Loyola University
Juan Hernández, University of Illinois-Circle Campus
Ambrosio Medrano, ASPIRA
Norma Ramírez, University of Illinois-Urbana
Humberto Rivera, Chicago State University
Carmelo Rodríguez, ASPIRA
Martha Sampson, Elmhurst College

10:45 - 12:15 CONCURRET SESSIONS

BUSINESS
(B-12) (R)

WORLD TRADE AS A MARKET FOR DEVELOPMENT OF MEDIUM AND LARGE HISPANIC BUSINESS

Merchants A

Co-chairpersons:
Celso Moreno, Minority Business Development Agency
Lewis Matuszewich, Matuszewich and Associates
Vivian Beth, Mendoza International
Carlos Estrada, Export Management Co.
Jorge Lamport Rodil, Inter-American Development Bank
Gerald M. Marks, U.S. Department of Commerce (I.T.A.)

CONSUMER
(C-7) (P)

CHANNELS OF DISTRIBUTION AND PRODUCT PREFERENCES

American House

An Interrarcial Study to Brand Preferences of Chicago Households- Carl M. Larsen and Chem Narayana, University of Illinois-Circle Campus

Puerto Rican Cosumers' Knowledge of Regulations that Protect Them- Marta Calás de Birriel, University of Puerto Rico

Retail Food Price Differentials: A Comparison Between 1979-1980 in Puerto Rico- Jorge Vélez-Arocho, University of Puerto Rico

CONSUMER
(C-8) (R)

OPPORTUNITIES FOR COOPERATION BETWEEN HISPANIC AND NON HISPANIC ADVERTISING AGENCIES

Shakespeare

Chairperson: Francisco Coronel, Chicago Board of Trade
Joan Frank, Tathum, Lair and Kudner
Herb Levin, WQBA, Miami
Don Marion, Lotus Reps.
Kathy Nicolini, J. Walter Thompson

HUMAN RESOURCES
(HR-7) (P)

HISPANIC HUMAN RESOURCES: BEHAVIOR AND EMPLOYMENT ISSUES

Merchants B

Improving Committee Membership Skills of Women and Minority Business College Students- Rojean Madsen Muñoz and Laura Metro, University of Illinois-Circle Campus

Work Background and Attitudes of Mariel Cuban Refugees- Mark F. Peterson, University of Miami

The Achievement of Economic Development Administration (Fomento) of Puerto Rico- Ved P. Duggal, Catholic University of Puerto Rico

ROOM

HUMAN RESOURCES
(HR-8) (R)

PROBLEMS AND OPPORTUNITIES OF PROFFESIONAL HISPANIC WOMEN

Steamboat A

Chairperson: María C. Cabrera, Cook County State's Attorney's Office
Consuelo Bedoya, Bedoya Attorney at Law
Rosemary Bombella, State of Illinois
Angeles Eames, Loyola University
Nancy Gutiérrez, Pacific Telephone Co.
Laurina McNeilly, City of Chicago

MANAGEMENT EDUCATION
(ME-5) (R)

TRENDS IN MANAGEMENT EDUCATION: A 30 YEARS FORECAST

Western Stage

William Laidlaw, Executive Vice President, American Assembly of Collegiate Schools of Business
Brother Leo V. Ryan, C.S.V. Dean, College of Commerce, DePaul University

TUESDAY P.M.

12:00 - 12:30 **COCKTAILS**

12:30 - 2:00 **LUNCH**

Sauganash East

Speaker: Lic. Emma Navajas-Rytting, Acting Director of the Puerto Rico Federal Affairs Administration in Washington, D.C.

Granting of Awards

2:00 - 3:30 **CONCURRENT SESSIONS**

MARKETING FOR BUSINESS

MARKETING AND ADVERTISING STRATEGIES FOR THE SMALL HISPANIC BUSINESS IN THE 1980'S

American House

Chairperson: Jesse Wilson, March Advertising
Jorge Infante, WOJO
Craig More, Pionner Bank & Trust Co.
José Pletz, Metropolitan Bank
Earl Young, DePaul University

MARKETING FOR BUSINESS
(MB-2) (R)

HISPANIC OWNED BUSINESS IN THE PRODUCER MARKET

Suite (By Invitation only)

Co-Chairperson:
Phillip Drotning, Standard Oil (Indiana)
Irma Claudio, Chicago Regional Purchasing Council
Nelson Carlo, Abbott Group, Ltd.
Stephen Christie, Chicago Regional Purchasing Council
Richard Durkin, Small Business Administration
Luis González, International Paper Co.
John Kane, Abbott Laboratories
Irwin Peters, DePaul University
Edgar García Smoot, Comstock Construction
George A. Davelis, Chicago & North Western Transportation Co.
Angelo Velázquez, A & R Janitorial

CONSUMER
(C-9) (R)

PROBLEMS AND OPPORTUNITIES IN HISPANIC MARKETING RESEARCH

Shakespeare

Chairperson: Loretta Adams, Market Development Inc.
Richard Tobin, Strategy Research
Henry Adams-Esquivel, Market Development, Inc.

HUMAN RESOURCES
(HR-9) (R)

AUTONOMOUS ACTION VS. AFFIRMATIVE ACTION: CAPITALIZING ON CAREER OPPORTUNIES FOR HISPANICS IN THE JOB MARKET

Steamboat A

Chairperson: José Gutiérrez, DHHS, Office of Civil Rights
Sarina Bellman, Illinois Bell Telephone Co.
Stanley Birstein, Quaker Oats
Robert Flinn, Job Search Network
José González, U.S. Office of Personnel Management
Celso Moreno , Minority Business Development Agency
Robert A. Phillip, National Office of Program Development-Job Clubs
Carlos Ponce, Continental Illinois National Bank
Rubén Nazario, United Way

MANAGEMENT EDUCATION (ME-6) (R)	**ATTRACTING HISPANICS TO BUSINESS SCHOOLS: A BLUEPRINT FOR ACTION** Chairperson: Charles Hickman, American Assembly of Collegiate Schools of Business	Western Stage
GENERAL (G-2) (R)	**THE RELATIONSHIP BETWEEN ACADEMIC AND HISPANIC BUSINESS COMMUNITY: WHAT'S IN IT FOR EACH OF US?**	Merchants A
3:30 - 4:30	**GENERAL SESSION**	
GENERAL (G-3)	**ROUND TABLE RECOMMENDATIONS FOR FUTURE RESEARCH AND POLICY**	Sauganash East
	CLOSING	

MICHAEL CARDENAS Administrator
Small Business Administration

VICTOR RIVERA Director
Minority Business Development Agency
U.S. Department of Commerce

ARMANDO TRIANA, National Chairman
Third National Symposium on Hispanic Business and Economy
DePaul University

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Brother Leo V. Ryan, C.S.V.
Dean, College of Commerce
DePaul University

Leonardo Rodríguez
Chairman, Second Symposium

Armando Triana
Chairman, Third Symposium

Father John T. Richardson
President, DePaul University

Luis Aranda
Chairman, First Symposium

Organizing Committee

Emperatriz Pumarejo
Laurina E. McNeilly
Armando Triana
Irma Claudio
Miguel Valdivieso

Opening Session Head Table

David López
  Board of Directors, NAHPBAE
Luis Aranda
  Chairman, NAHPBAE
Víctor Rivera
  Director, MBDA
Br. Leo V. Ryan
  Dean, DePaul University
Fr. John T. Richardson
  President, DePaul University
Michael Cárdenas
  Administrator, S.B.A.
Armando Triana
  Symposium Chairperson
Celso Moreno
  Deputy Regional Director, MBDA
Irma Claudio
  Symposium Vice-Chairperson
Leonardo Rodríguez
  Board of Directors, NAHPBAE
Emperatriz Pumarejo
  Symposium Organizing Committee

COM to the THIRD NATIONAL SYMPOSIUM

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PART I

HISPANIC BUSINESS

PART I: HISPANIC BUSINESS

Hispanic businesses are a very important component of the economic development of the Hispanic community as indicated by the following figures. The aggregate income of the 14.6 million Hispanics in the U.S. was $65 billion in 1980. In comparison the gross receipts of the 219,355 Hispanic-owned businesses was $10.4 billion in 1977. Hispanic businesses surpassed Black-owned businesses $8.6 billion overall gross receipts in 1977. Furthermore, Hispanic businesses also increased faster in number than small businesses in general during the 1972-77 period (52.6% vs 30%).

Hispanic businesses are very important also because they are developing a critical part of the organizational infrastructure of the Hispanic community. They have been specially successful in incorporating members of different nationality groups and of organizing at the National, regional and local levels. At the National level there is the U.S. Hispanic Chamber of Commerce and the National Association of Hispanic Professors of Business Administration and Economics. At the regional level there are groups like the Federation of Illinois Hispanic Chambers of Commerce (which includes thirteen chambers of commerce from different neighborhoods and nationality groups in Chicago). Also, one of the few Hispanic magazines with national distribution is oriented to, and named, HISPANIC BUSINESS

Looking at the past, most of the first cash businesses in what is now the United States were Hispanic-owned. They were merchants, craftsmen, farmers and food processors in Saint Augustine, Florida and in Santa Fe, New Mexico. However, when we look at the participation of Hispanics in the small business sector now, the picture is not as favorable. A ratio of non-farm small businesses per 100 people was computed using the 1977 Surveys of Business and the 1980 Census of the population. These ratios show 1.5 Hispanic non-farm businesses per 100 Hispanics in the U.S. population compared to 4.4 non-farm small business per people in the U.S. This indicates that Hispanics may be only one-third as likely to own a small business as the population at large. This is a lower proportion than the situation of Hispanics in other related areas. For example, Hispanics were half as likely to be occupied in managerial, technical or professional positions than the population as a whole (15.4% vs 29.7%).

Research on this subject can provide significant assistance to the understanding of the opportunities and to the assessment of the constraints that exist. This research can provide the basis for setting realistic objectives and for designing more efficient and effective programs. The papers in this section provide useful insights and information towards those objectives.

A. State of the Art and Agenda for Action

The panel chaired by Dr. Antonio Furino provided an overview of the limited data that exists on Hispanic businesses and on the new promising data basis which are being developed. The three strategic areas for future research and policy proposed by the Minority Business Development Agency were considered appropriate. These areas are: the rate at which new minority businesses are formed, their growth rate and their failure rate. It is recommended that special attention be given to sponsoring research on the economic and social conditions which favor the creation of minority firms in non-traditional areas of business activity. Several of the participants in this panel presented papers which stimulated the discussion. The paper by Michael Farrel and W. Joel Richardson provides both a background and an analysis of the Bureau of the Census surveys on businesses of Spanish origin. A very important part of this analysis is that Hispanic businesses represent only 2.2% of the small businesses in the U.S. and 1.6% of their volume. This was the first quantification of their share of small businesses. Another important part of their analysis was that the distribution of Hispanic businesses by industry did not differ substantially from that of small businesses in general. The pattern of concentration of Hispanic businesses in the retail and service sector is also common to small businesses in general. The authors point out a much lower development in the Finance, Insurance and Real Estate industries. It should be noted that later analysis by this editor indicated a much lower development in the wholesale sector also. All in all, the distribution of Hispanic businesses by industry is closer to the normal pattern of small businesses than previously assumed. This paper by Farrel and Richardson represents an important contribution to the study of this subject.

Another paper that contributed to the discussion of the above panel was the analysis of minority business enterprises, problems and their causes discussed by Bruce Kirchhoff and Richard Stevens from the Minority Business Development Agency. This paper represents a major effort to give direction to future research on minority business enterprises. The paper presents a categorization of the causes of the low minority business enterprises participation rate in the business sector. Three major causes are identified: low business formation rate, low business growth rate and higher business failure rate. Four to seven factors are identified for each of those three causes.

This conceptual framework of the causes and factors that create obstacles to the participation of minority business in general is a valuable contribution. However, it is important to analyze that conceptual framework itself. I can see at least two areas of concern. First, the framework focuses on the negative. It concentrates on what is lacking or deficient. Minority business development will benefit most from identifying its strengths and opportunities. It seems the framework of problems provided has to be complemented by a conceptual framework of the types of opportunities and of the comparative strengths minority businesses can count. Secondly, there are drastic differences within different minority business sectors (i.e., Black, Mexican, Puerto Rican, Cuban, Chinese, Korean, etc.). Some minority groups have a much higher rate of new business formation and/or of business growth than others. Some minority groups are more successful in starting businesses and in developing them in certain specific industry classifications than other minority groups. Minority groups as a whole excel or lag in certain industry classifications compared to small businesses in general or compared to other ethnic groups (i.e., Greek American, Jewish American, etc.). What can we learn from those differences? How can the strategies or advantages used by one group be applied to the development of some or all other minority groups? There seems to be a need for a positive framework and for applying it more selectively to the problems and opportunities each minority group has. That is, this paper is an important advance, but it does not relieve the need to develop a strategy for the development of Hispanic businesses (and others) in a more specific and targeted manner. All in all, the paper presented by Messrs. Bruce Kirchhoff and Richard Stevens is a breakthrough in conceptual thinking in this area. The discussion and research it stimulates are likely to be very beneficial to the development of minority businesses.

B. Comparative Studies

Two studies in this section help to fill the vacuum that exists in empirical studies about Hispanic business owners. The article by Miguel Valdivieso presents the findings of a study of 45 successful Hispanic groceries. The owners were equally divided among Puerto Ricans, Cubans and Mexicans. Overall patterns of business development as well as nationality differences were analyzed using regression analysis. Behavioral and strategic factors were tested. The role of milk companies in financing almost half of these entrepreneurs is interesting. The importance of adaptability as markets changed was also observed. Recommendations in the area of information, financing and business planning are included.

The paper by Richard Hodgetts and Wayne Cascio presents research on value differences between 334 Anglo, Hispanic and Black entrepreneurs. The sample was about equally divided by sex also. In general, greater differences were found by sex and between Blacks and other entrepreneurs in the values studied. Some of the findings differed from previous research that showed similarity across groups in values and the strong effect of the type of business on value creation.

C. Issues and Opportunities

The panel chaired by Phillip Drotning and Irma Claudio discussed private sector procurement as a market for Hispanic firms. The problems identified were that too few Hispanic firms are oriented towards this market, buyers are not familiar with them or with their ability to deliver the orders and that there is no strategy to develop Hispanic firms for this market. Their suggestions to help remedy those problems included: to expand the number of firms involved in minority purchasing; to add minority purchasing as a source of incentives and as part of the employee evaluation for buyers in those firms; to increase the efforts to assist more Hispanic and other minority firms to become viable suppliers. Other suggestions were also proposed.

Two panels chaired by Lewis Matuszewich discussed issues related to small business financing. The panel on venture capital covered the advantages of equity money over loans for a small business. However, the resistance to sharing ownership and control by small business persons was mentioned as a major obstacle in this area. The importance of referrals from banks and the S.B.A. offices to small business investment companies was stressed. The other panel discussed the Small Business Administration activity in relation to Chicago banks. The importance of S.B.A. guarantees for helping develop capital-scarce Hispanic businesses was evident. The special role of banks which market their services among Hispanics was pointed out. A very interesting discussion is reported on the factors that reduce the participation of banks in S.B.A. loan guarantees. Perceptions and image problems in dealing with lenders seem widespread and persistent.

These images have to do with the amount of paperwork required and inconsistencies in credit standards across time, loan officers and district offices. If greater consistency in application of procedures by the S.B.A. was attained, this would reduce the time investment required from lending institutions. This in turn, would help to overcome the main resistance (within the banks) to get more active with S.B.A. guarantees.

The panel chaired by Lee Rodríquez discussed differences in the relation between the needs and characteristics of Hispanic businesses and forms of government assistance available. Ways to improve the situation included: providing government guarantees to credit by suppliers, improving the consulting services, innovation in equity capital funding, and stronger political involvement to help implement the first proposal.

D. Models for Development and Growth

This set of papers presented a number of perspectives that can contribute to the design of strategy for Hispanic business development. The paper by Earl Young presents the opportunities opened to Hispanic entrepreneurs in terms of different product/business and market/environment combinations. The matrix he develops serves as a basis to identify business opportunities used or available to Hispanic entrepreneurs. It points out areas of possible business opportunities than those of serving needs within the Hispanic community itself. The role of the Hispanic entrepreneur as an integrator between the Hispanic community and the mainstream society is elaborated.

The article by Evodio Llevada includes a number of propositions about the decision-making characteristics of Hispanic entrepreneurs. It also compares the participation of Hispanics of the major nationality backgrounds in different industries and regions of the country. Llevada presents a number of interesting points on the relative strengths of entrepreneurs of Mexican, Cuban and Puerto Rican background.

The position paper by Michael Massel presents doubts about whether stability or growth are the main goals of established businesses. It also questions the validity of widely circulated statistics about the probability of business failures.

The study by Ved Duggal analyzes the performance of the Economic Development Administration of Puerto Rico in terms of industries, jobs and income generated.

The study by Charles Ziegler and Víctor Quiñones presents the possible adaptability of a model of diffusion of innovation to promoting the development of high technology industries in Puerto Rico. The process of entrepreneurial spin-offs from one original high technology organization is described in one case study. Former employees and competitors generate a number of related innovations by generating modified versions of the product or service and independent organizations, also by expanding the line of product/services internally in existing organizations and by introducing marketing adaptations of successful approaches to sales. A number of recommendations are presented on how this multiplier effect of innovation could be applied to Puerto Rico.

PANEL

"RESEARCH ON MINORITY AND HISPANIC ENTERPRISES: THE STATE OF THE ART AND AN AGENDA FOR POLICY"

Chairperson: Dr. Antonio Furino, Professor of Economics, University of Texas at San Antonio

Panel Members:

Dr. Luis Aranda, Chairman, National Association of Hispanic Professors of Business Administration and Economics
Mr. Thomas Bailey, Columbia University
Mr. Joel Richardson, Chief Economic Survey Division, Bureau of the Census
Dr. Bruce Kirchhoff, Chief, Research Division, Minority Business Development Agency
Mr. Richard Stevens, Office of Research and Information, Minority Business Development Agency
Dr. Jude Valdez, University of Texas at San Antonio

SUMMARY

The session, mostly dwelling on research and policy issues, was aimed at two objectives: Informing attendees of the conference on present and forthcoming data sources that are likely to support rigorous research on minority business, and discussing priorities for a Federal policy on Hispanic business development.

Reports from the panelists representing the U.S. Department of Commerce Bureau of the Census, and Minority Business Development Agency (MBDA), clearly identified the two major shortcomings of information on Hispanic firms.

First, Hispanic businesses are not clearly and unequivocally identified. Secondly, and more generally, a scarcity of information on individual firms (often referred to as "micro data") at a point in time as well as over several years (longitudinal data) has impaired the understanding of minority firm behavior. Reassurance that, in the future, the Hispanic business population will be more rigorously and reliably described by the Census surveys, was provided by recountals of work now in progress at the Bureau, aimed at redesigning the national sample of businesses to account for regional concentrations of Hispanics. This approach to better identify the Hispanic business universe assumes positive correlation between the geographical distribution of the Hispanic-American population and that of businesses owned by the same ethnic group. The correlation will weaken as Hispanic-American businesses grow in size and importance and, consequently, become more mobile and independent of Hispanic-American markets.

As for the longitudinal "micro data," a promising source is the new MBDA's Financial Research Data Base. It consists of a sample of minority firms whose financial information could be found in a special file of the Dun & Bradstreet (D & B) data bank. To produce credit ratings, D & B maintains a master file with records on over five million firms. Less than 20 percent of these records contain at least some detailed balance sheet and income statement data and are placed in a specialized file named Dun's Financial Profiles (DFP). Checks on conformity to standard accounting procedures further refine the data before they are released to analysts and other users. Records from three, not necessarily consecutive, years are kept in the DFP data bank. Fiscal year (66 percent of the total) as well as interim statements (34 percent of the total) are the source for the financial information.

A complete typical record consists of descriptors, such as Standard Industrial Classification (SIC) Codes, employment data, age, and legal status of the firm acccompanied by the appropriate business balance sheet and income statement variables.

Since D & B records do not include minority/non-minority identifiers, minority business enterprises (MBE's) are selected by finding matches between the approximately 600,000 names of the Dun's Financial Profiles and a list of known minority businesses. The MBE's lists are created from state and local directories, Federal agency procurement lists, and other available sources. Approximately one out of four names produces a match and one out of two matches survives the filtering process employed to prevent out incomplete or inconsistent records from entering the MBDA data base. Efforts are being made to identify major ethnic and racial sub-groups, but, presently, it is not possible to isolate the Hispanic enterprises included in the MBDA data base. Only differences in broad regions can be studied at this time. That is, when the data are rich enough to allow regional analyses, and a region with a predominantly Hispanic business population can be defined, then, research on that geographic area may yield some useful information on Hispanic businesses.

An intriguing observation about this data bank is that the number of minority corporations in the data file with sales over $200,000 represents 32 percent of all the firms with similar characteristics enumerated in the latest Census survey. Up to now, researchers interested in minority firm behavior have been restricted to data generated by government loan programs and failed to observe the more successful minority firms. These firms are well represented in this new data base.

The discussion on priorities for policy touched upon a variety of topics and led to the following conclusions.

It is of utmost importance that projects such as those initiated by the Minority Business Development Agency and the Census (also, the panel mentioned the development, under Congressional mandate, of a comprehensive data bank on small businesses by the Small Business Administration) be continued. As part of these efforts, it is important that both commonalities and differences among the racial and ethnic components of the population of minority-owned enterprises be identified and studied. This is particularly significant in the study and assistance of Hispanic businesses since while they share with each other many cultural and social characteristics, they sometimes differ in background, experience, and in the quality of their interaction with the economic environment.

The conceptual framework proposed by the Minority Business Development Agency for observing and assisting minority-owned business enterprises was judged appropriate by those participating in the discussion. Three areas of research and policy were considered of strategic importance: the inadequate rate at which new minority businesses are being formed, the lower growth rate and the higher incidence of failures among minority businesses relative to their non-minority counterparts. It was argued that the understanding of causal relationships affecting minority firm operation is impaired by the scarcity of longitudinal data. In turn, this conceptual deficiency weakens the ability to predict the outcome of policy decisions aimed at business survival and growth. Since the MBDA Financial Research Data Base offers the best potential for longitudinal information, that effort and the needed sponsored research must be supported. Also, the information value of the data base must be kept from degenerating over time because of inconsistent or non-comparable data. And, ways must be found to add racial and minority identifiers to the records so that research focusing on the differential effects of policy on minority subgroups may be promoted.

Finally, it was concluded that business formation, and, particularly, the birth of minority enterprises is a phenomenon for which solid empirical evidence is totally lacking. Work commissioned by MBDA to the Census will produce in the near future a comparison of the past two Census surveys and the count of firms that were included in the latter but not in the former survey. However, particularly for firms owned by Hispanic-Americans, it is impossible to distinguish the number of new firms from the effect of better enumeration techniques. Therefore, again, the urgency of improving the quality of information on minority enterprises, in general, and Hispanic businesses, in particular, was underlined. To that effect, it was suggested that immediate attention be given to sponsoring research on the economic and social conditions favoring the creation of minority firms in non-traditional areas of commercial activity.

The session ended on a note of cautious optimism. Progress has been made in a very strategic area of minority business development policy: the collection and systematic analysis of data on minority business enterprises. But, the challenges yet to be conquered are many and of such complexity that only a large and continuing commitment of resources to minority business development by policy makers would insure that what has been achieved so far is brought to its expected potential.

THE BUREAU OF THE CENSUS' SURVEY OF HISPANIC-OWNED BUSINESSES: PRESENT STATUS AND FUTURE DEVELOPMENTS

Michael G. Farrell, Assistant Director for Economic
and Agriculture Censuses
W. Joel Richardson, Chief, Economic Surveys Division [1]
Bureau of the Census

The Bureau of the Census has been publishing statistics for minority-owned businesses on a periodic basis since 1969. These programs are now an integral part of the Economic Censuses, conducted at five-year intervals. The most recent censuses were conducted for 1977. The Survey of Hispanic-Owned Businesses is one of the minority businesses programs and requires methodological considerations not applicable to the other minority groups. This paper presents an historical view of the development of the Bureau's Surveys of Minority-Owned Business Enterprises, the results of the 1977 surveys, and potential uses and needs for the data.

I am very pleased to be participating in the Third National Symposium on Hispanic Business and Economy. This conference provides a unique forum for the presentation and exchange of information and ideas concerning Hispanic business and economy in the 1980's.

The media has made us all aware of the growth that has occurred in the Spanish origin population of the United States. What has not been so evident is that businesses owned by persons of Spanish origin have been increasing at an even more rapid rate.

The decennial census of population and housing is, of course, our most well known activity since it involves each and every person in the United States.

There are, however, a wide range of surveys and censuses which the Bureau conducts which are not nearly as well known, but are of equal importance to each and every one of us. The data collected in the economic censuses, for instance, form the basis of many familiar economic measures which detail the health of the workplace.

Various agencies use this base information in the calculations of measures such as the Gross National Product, the Index of Industrial Production, the Consumer Price Index and other economic indicators. In addition to Federal users, the data are used by state and local governments, the trade press and private industry, the ultimate suppliers of the data.

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[1] Communications should be addressed to W. Joel Richardson, Bureau of the Census, Washington, D.C. 20233

The Bureau does relatively little interpretive analysis of the data published in the economic series, taking more the role of supplier of basic information about a wide range of industries, with analysis of underlying trends, interpretation of causal or exogeneous factors or forecasting of of trends being left to the data user. This process results in feedback from the data user both in terms of "are we doing things right" and in terms of "are we doing the right things." The Survey of Minority-Owned Businesses is one of our more recent additions to the processes. The question I would like to explore today is - are the data collected being published in a manner which is most beneficial to the data user?

We have nearly completed the first year of the five year cycle of the 1982 Economic Censuses. This will be the third census in which the Survey of Minority Owned Businesses has been an integral part of the census operation. The survey was first done in 1969 as a follow-on to the 1967 Economic Censuses. While the developmental process has left some data discontinuities, improvements in methods of identifying Hispanic business owners, standardization of ethnic categories, and the development of a body of information which can be used to improve our editing and analytical process will provide better census-to-census trend data for 1982. Which tables should continue to be published, which eliminated and which expanded is an integral part of our planning process.

First, I would like to try to put the survey into an historical context. It may surprise some to realize that a census of the economy was conducted as early as 1810, when inquiries about manufacturing activities were included with the third census of population. One hundred and nineteen years later, the first census of retail and wholesale trade was taken, with certain service industries added to the coverage in 1933.

It was not until 1954 that the various censuses of the economy were integrated into a central activity. Since that time, the census of construction, the census of transportation and, in 1977, the balance of the service industries were added to census coverage. Significant sectors of the economy are still excluded from coverage. These include finance, insurance and real estate activities, as well as segments of the transportation industry.

In addition to the economic censuses, the Bureau conducts the census of state, local and Federal government activities and the census of agriculture, which covers farm operations and characteristics of farm operators. 1982 will mark the first year in which all of these censuses will cover the same reference year.

The history of the expansion of the economic census has closely paralleled the economic development of the Nation. At each stage, more information on what was happening in the economy was needed to assess change.

In the period from 1790 to 1880 we were largely an agrarian society, located in primarily rural areas or small towns. The period from 1880 to 1920 saw the rise of cities and their industrialization. The growth of large cities from 1920 to 1960 saw an urban domination of the U.S. structure. The evolutionary nature of the economic censuses is apparent as one looks back in old census publications. Tables highlighting certain aspects of an industry, refinement of size groupings, additional geographic detail, and so forth come about as a result of users' need to examine subtrends within a broad grouping. Likewise, tables which prove to have only a limited audience are eliminated in subsequent censuses.

The period marking the emergence of the spread metropolis and suburbanization of the 60's was also a period in which minorities emerged as political interest groups, and questions about the role of minorities and ethnic groups in the economy arose. As I mentioned before, the Bureau's earliest attempt to measure racial and ethnic characteristics of the owners of business enterprises was undertaken in 1969 and then incorporated into the economic censuses activities in 1972 as the Survey of Minority-Owned Businesses. Publication plans tended to be patterned after the tabulations of the other censuses.

Early efforts, like in many Federal programs, were directed toward isolating and defining the universe. Soliciting racial and ethnic information understandably encountered a number of problems. Misunderstanding on the part of the respondent concerning the purpose of obtaining the data and the formulation of mutually exclusive categories which could not be readily answered by persons of mixed racial or ethnic backgrounds tended to result in questions concerning whether it was possible to define the universe.

On May 12, 1977, in an effort to alleviate some of the problems, the Office of Management and Budget issued Revised Exhibit F to OMB circular No. A-46. This exhibit set forth standard race and ethnic categories and definitions for Federal statistics and administrative reporting. The exhibit was careful to point out that the classifications should not be interpreted as being scientific or anthropological in nature, nor should they be viewed as determinant of eligibility for participation in any Federal program.

"Hispanic", according to A-46 provisions, "includes a person of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race." It further states that "The category which most closely reflects the individual's recognition in his community should be used for purposes of reporting on persons who are of mixed racial and/or ethnic origins." A National sample and improvements in handling the administrative records to better identify the Hispanic universe lead us to believe that these problems are now largely under control. Improvements in editing techniques, a body of data which can be used to analyze trends, and greater familiarity with the problems which are encountered in various geographic areas lead us to believe that many of the developmental problems have been resolved. The developmental problems do, however, present a number of problems for the data user.

In August 1980, final results from the Spanish portion of the 1977 Survey of Minority Owned Business Enterprises became available. In February 1981, provisional race and Spanish origin population totals for the United States from the 1980 Census were announced.

In both publications numerous caveats were appended to the reports. These caveats include statements in the decennial census release, for example, that an effective public relations campaign by national and community ethnic groups was a strong factor in the inclusion of a sizeable but unknown number of persons of Hispanic origin who are in the country in other than legal status. Another caveat is that improved questionnaire design and improved survey techniques have resulted in data which is markedly improved over that gathered earlier.

While standardization of categories, better recordkeeping, dispelling the fear of consequences on the part of the respondent tend to improve the data, they also effect the comparability of the information published for the current census to that published in the previous census. Knowledge on the part of the data user of data deficiencies and caution in arriving at conclusions, which may be a result of the data or may be a result of survey improvements are needed to correctly assess the policy and planning issues for which the data are being used. Likewise, changes in size groupings, industrial coverage, or ways in which tables are presented require careful considerations of the effects which these changes have on the comparability of the data.

The basic question which has been asked up to this point is "How many Hispanic firms are there and what is their dollar volume?" Then, how does this compare to the economy as a whole? The basic demographic question was similar "How many Hispanics are there?" The results of the 1977 Survey of Minority-Owned Business Enterprises show that, when put on a basis comparable to the 1972 Survey, Spanish origin firms represented 37 percent of all minority firms and 37 percent of the $23 billion receipts of all minority firms. Persons of Spanish origin owned 2.2 percent of all firms, while provisional 1980 population figures showed that persons of Spanish origin represented 6.4 percent of the population.

All of the above statements are true. The data user should, however, be aware of the limitations of the source data on which these statements are based, and should avoid comparisons between the count of Hispanics and the count of Hispanic business owners. Aside from the fact that they cover two different points in time, some of the reasons why this is an invalid comparison are:

(1) In order to make a valid 1972 to 1977 comparison, certain service industries and European Spanish were subtracted from the 1977 figures. They were not included in 1972. This resulted in the 1977 figure of 219,355 Spanish origin firms with $10.4 billion in receipts being reduced to 177,921 Spanish origin firms with $8.5 billion in receipts for comparative purposes. Total minority firm receipts of $39.6 billion were similarly adjusted to the $23 billion figure quoted. Since the 1972 Survey did not include part of the universe being measured in 1977, this was the only valid comparison which could be made.

(2) Again, in order to made a valid comparison, the 2.2 percent ownership question relates to the 9.8 million firms which filed a sole proprietorship, partnership or small (subchapter "S") business corporation tax return with the Internal Revenue Service. According to IRS, there are 14.8 million firms which filed a business tax return. Since some industries are not within coverage of the Survey of Minority-Owned Business Enterprises, the smaller figure is used for comparative purposes.

(3) The figure of 6.4 percent of the population being of Hispanic origin, in a population of 226.5 million, admittedly includes a sizeable but unknown number of persons who are in the country in other than legal status. It probably also excludes an unknown number in the same category. There are no known ways to measure the number of people in the country, regardless of race or ethnicity, who are in other than legal status, nor did the 1980 Census form request information on the legal status of the respondent.

(4) Questions such as the relative age of the Hispanic population, - relative level of training, availability of programs offering venture capital and so forth need to be answered before a general impression that Hispanic business owners are underrepresented in the economy can be turned into a concerted approach addressing the need to rectify an existing situation.

It would appear that, in general, the industrial composition of firms with owners of Spanish origin is quite similar to the economy as a whole. There appears to be one interesting exception. Relatively fewer business owners of Spanish origin are evident in the Finance, Insurance and Real Estate Industries than one would expect if industrial composition was homogeneous. Is this significant? It is a function of how the survey was taken? Since these are areas not within the coverage of the economic censuses, are there other sources which collect data on the ethnic ownership of banks, life insurance firms, airlines, etc.?

The following tables present information addressing the basic questions of how many firms are there and how much dollar volume is done.

TABLE 1

Comparison of Firms and Receipts, by Industry, of Spanish Origin Firms with All United States Firms: 1977

Industry	Firms (thousands)				Spanish origin as percent of all firms	Receipts (billion dollars)		Spanish origin as percent of all receipts
	All 1/		Spanish Origin					
	(number)	percent	(number)	percent		All 1/	Spanish Origin	
All industries	9,833	100.0	219	100.0	2.2	633.1	10.4	1.6
Construction	1,107	11.3	27	12.3	2.4	72.6	1.2	1.7
Manufacturing	287	2.9	6	2.7	2.1	38.5	.9	2.3
Transportation and public utilities	419	4.3	11	5.0	2.6	22.8	.4	1.8
Wholesale and retail	2,600	26.4	62	28.3	2.4	291.4	4.6	1.6
Finance, insurance and real estate	1,404	14.3	12	5.5	.9	66.6	.4	.6
Selected services	3,623	36.8	87	39.7	2.4	120.1	2.6	2.2
Other industries and not classified	393	4.0	14	6.4	3.6	21.2	.4	1.4

1/ Includes only sole proprietorships, partnerships, and small (subchapter "S") business corporations. Sole proprietorship and partnership figures based on data from United States Internal Revenue Service, Preliminary Report, Statistics of Income, Business Income Tax Returns, 1977. Small business corporation data based on Internal Revenue Service, Preliminary Report, Statistics of Income, Corporation Income Tax Returns, 1976. Adjusted to exclude industries not covered in Survey of Minority-Owned Business Enterprises.

Although the average gross receipts of Spanish origin firms is less than all firms, they have made considerable progress when compared to other minorities. For example, in 1977, average gross receipts were $64,385 for all firms, $39,643 for all minority firms, and $47,489 for Spanish origin firms. Average gross receipts were consistently higher in all industries for Spanish origin firms than for all minority firms.

TABLE 2

Comparison of Average Gross Receipts,
All Firms, All Minority Firms, and
Spanish Origin Firms: 1977

Industry	All Firms (dollars)	All Minority Firms (dollars)	Spanish Origin Firms (dollars)
All industries	64,385	39,643	47,489
Manufacturing	134,146	75,000	156,373
Wholesale and retail trades	112,077	69,232	73,512
Construction	65,583	40,385	45,114
Transportation and public utilities	54,415	25,000	35,868
Finance, insurance, and real estate	47,436	25,000	31,659
Selected services	33,149	25,214	29,828
Other industries and not classified	53,944	19,512	25,931

As a group, Blacks have always owned the largest number and had the greatest receipts of minority-owned firms. In 1977, Blacks still owned the greatest number of firms, but Spanish origin firms were increasing at a faster rate and receipts of Spanish origin firms actually surpassed those of Black-owned firms.

TABLE 3

Comparison of Business Ownership by
Minority Group: 1972 and 1977

	1972		1977		1972		1977	
	Firms 1/ (number)	Percent of all minority firms	Firms 2/ (number)	Percent of all minority firms	Receipts 1/ ($1,000)	Percent of all minority receipts	Receipts2/ ($1,000) receipts	Percent of all minority receipts
All minorities	367,881	100.0	480,740	100.0	13,647,170	100.0	22,993,824	100.0
Black	187,602	51.0	209,259	43.5	5,534,109	40.5	8,161,391	35.5
Spanish origin	116,587	31.7	177,921	37.0	4,842,239	35.5	8,464,420	36.8
Asian American, American Indians and others	63,692	17.3	93,560	19.5	3,270,822	24.0	6,368,013	27.7

1/ Revised 1972 data.

2/ Adjusted to exclude new Selected Services and European Spanish added in 1977.

Of the 219,355 firms owned by persons of Spanish origin in 1977, only 41,298, or 19 percent, had paid employees. However, they accounted for $7.1 billion, or 69 percent, of the receipts. They had 206,054 paid employees and annual payroll of $1.4 billion.

TABLE 4

Selected Statistics by Industry for Firms
Owned by Persons of Spanish Origin: 1977

Industry	All Firms		With Paid Employees				Without Paid Employees	
	Firms (number)	Receipts ($1,000)	Firms (number)	Employment (number)	Annual Payroll ($1,000)	Receipt ($1,000)	Firms (number)	Receipts ($1,000)
All industries	219,355	10,416,986	41,298	206,054	1,350,144	7,140,163	178,057	3,276,823
Construction	27,176	1,226,007	5,677	22,927	194,241	767,488	21,499	458,519
Manufacturing	5,640	881,944	2,698	28,444	194,939	826,308	2,942	55,636
Transportation and public utilities	10,784	386,800	854	4,465	42,942	196,336	9,930	190,464
Wholesale trade	4,260	776,940	1,135	6,001	53,261	660,337	3,125	116,603
Retail trade	57,832	3,787,537	14,864	75,421	350,923	2,596,625	42,968	1,190,912
Finance, Insurance, and Real Estate	12,402	392,639	960	4,664	37,335	259,043	11,442	133,596
Selected services	87,079	2,597,372	14,101	61,200	446,856	1,678,886	72,978	918,486
Other industries and not classified	14,182	367,747	1,009	2,932	29,647	155,140	13,173	212,607

When broken down by type of Spanish origin, more than three times as many firms were owned by persons of Mexican ancestry in 1977 than any other Spanish origin group. However, this was approximately proportionate to their share of the U.S. Spanish origin population. Persons of Puerto Rican ancestry owned a slightly smaller share of the firms than was proportionate to their share of the population, while persons of Cuban ancestry owned a slightly larger share of the firms than was proportionate to their share of the population. Cuban origin firms also had the highest average receipts.

TABLE 5

Spanish Origin Population and Firms
by Type of Spanish Origin: 1977

Type of Spanish Origin	Total Spanish Population (thousands)	Percent of Total Spanish Population	Firms (number)	Percent of all Spanish Firms	Receipts ($1,000)	Percent of all Spanish receipts	Average Receipts (dollars)
All Spanish	11,269	100.0	219,355	100.0	10,416,986	100.0	47,489
Mexican	6,545	58.1	116,419	53.1	5,163,657	49.6	44,354
Puerto Rican	1,742	15.5	13,491	6.1	591,908	5.7	43,874
Cuban	681	6.0	30,336	13.8	1,868,441	17.9	61,592
Other Central or South American	872	7.8	26,301	12.0	1,003,041	9.6	38,137
Other Spanish and not specified (includes European Spanish)	1,428	12.7	32,808	15.0	1,789,939	17.2	54,558

More than half of the Spanish origin firms in 1977 were located in the Pacific and West South Central geographic divisions of the United States. This could be predicted due to the concentration of persons of Mexican ancestry in these areas. Another expected occurrence is that the number of Spanish origin firms in California, Texas, and Florida (particularly California and Texas) far exceeded those in any other states. The top three cities in terms of number of Spanish origin firms were Los Angeles, California; San Antonio, Texas; and Miami, Florida.

TABLE 6

Spanish Origin Firms and Receipts
by Geographic Divisions: 1977

	Firms (number)	Percent of all Spanish firms	Receipts ($1,000)	Percent of all Spanish receipts
United States	219,355	100.0	10,416,986	100.0
New England	2,948	1.3	128,704	1.2
Middle Atlantic	19,960	9.1	1,075,539	10.3
East North Central	12,453	5.7	687,566	6.6
West North Central	4,350	2.0	114,116	1.1
South Atlantic	31,471	14.3	1,541,999	14.8
East South Central	2,939	1.3	146,749	1.4
West South Central	51,681	23.6	2,197,522	21.1
Mountain	22,549	10.3	959,331	9.2
Pacific	71,004	32.4	3,565,460	34.3

In planning the tabulation of the 1982 Survey of Minority Business Ownership, it may be helpful to consider the types of information considered important by the marketing community.

Results of population surveys show that the Hispanic population is young - at least half are under 22, eight years below the national median age. They are urban - 83 percent live in metropolitan areas. They are largely blue collar workers, with the younger members beginning to affect the higher education roles in significant numbers. Hispanic families tend to be larger than the U.S. average. They are noted for their respect for family, tradition, and religion. As a group, Hispanics represent a major consumer market of $35-40 billion in buying power.

The October issue of Marketing News of the American Marketing Association summarizes a study done by Juarez and Associates, Inc.- A Los Angeles based management consulting firm. The study indicates that:

1. The Hispanic consumer must become a more long-term target for commercial planning.

2. Consumer programs must be oriented toward the youthfulness of the Hispanic community.

3. The larger, cohesive Hispanic family represents unmet consumer needs.

4. Marketing programs should take into account the yearly gains in earning power of Hispanic women. The Hispanic female earns about 92% of what her Anglo counterpart makes. Parity should be achieved in the 1980's.

5. Consumer research must assess Hispanic family decision making to determine who makes what consumption decisions.

6. Marketing strategies must take into consideration the different levels of assimilation found within the Hispanic community.

It is apparent from the trade press, as well as from the government, that data concerning the multifaceted Hispanic community are being used for policy decisions and for marketing decisions. We would hope that the Hispanic community itself would be making use of available information to determine such things as market penetration, site location analysis and in general, how Hispanic business owners can best serve the market demand being created within, as well as outside, the Hispanic community. A wealth of marketing data will be available from the 1982 Economic Censuses in general and from the 1982 Survey of Minority-Owned Businesses in particular. We would appreciate any suggestions which will make the tabulations even more useful for the Hispanics interested in becoming business owners, the academicians conducting research, and the government officials making policy decisions.

MINORITY BUSINESS ENTERPRISE TODAY: PROBLEMS AND THEIR CAUSES

Prepared by: Minority Business Development Agency
Research and Information Division

MINORITY BUSINESS ENTERPRISE'S CONTRIBUTION TO AMERICA

Independently owned, small entrepreneurial businesses are the foundation of economic activity in the United States. They are the focus of the American dream of financial independence and self-determination. This dream is not without substance. Our nation depends upon small businesses for its economic life blood. Forty-eight percent of private sector gross national product originates in small, independently owned businesses. These businesses are major forces in distribution of goods and delivery of services to every farm, village, town and city in our country.

The substance of the American dream extends into the foundations of employment. A research study by Dave Birch at Massachusetts Institute of Technology shows that during the years 1969-76, 86 percent of the new jobs developed in our society were developed by independently owned businesses having less than 500 employees. Even more striking, independently owned businesses of 20 or fewer employees generated 52 percent of total new jobs. And, according to the National Science Foundation, small, independently owned businesses are the source of a majority of technological innovations; and these were developed at less cost than those from large businesses. Thus, as millions of Americans pursue the dream of owning their own businesses, technological progress and employment growth are both achieved.

Minority business enterprises (MBEs) are part of the American dream, but they have a special role to play because MBEs are greatly underrepresented in the American business population. A business participation rate 1/5 that of non-minorities (per 1,000 population) suggests that minority businesses are not as numerous as they can be or should be. In fact, growth in number of MBEs from 1972 to 1977 fell below overall business growth suggesting that minorities are losing ground. Why? That question needs to be answered before governmental action can be taken to ensure that MBEs can fulfill their special role: to lead minorities into the mainstream of American economic growth.

The purpose of this paper is to pursue "Why?" within the context of policies and actions of the Minority Business Development Agency (MBDA). It is appropriate for MBDA as the designated advocate and implementor of Federal policy for MBEs to address these issues and to reexamine the

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role of MBEs in the American economic system. To do this, we begin by describing characteristics of minority business enterprise. Next, we identify a model of business formation, growth and failure. Using this model as a starting point, we examine the history of MBEs to identify causes of an unequal minority business participation rate and identify principal causes. In the second part of this paper, we examine how MBDA may affect these principal causes and suggest goals for the Agency that provide guidance towards appropriate actions for the benefit of MBEs.

At the end of this paper are four Appendices, each of which is a separate paper analyzing in-depth one or more of the issues discussed in this paper. These appendices include thorough descriptions of research conducted on MBEs and relevant side topics. They are the information base from which this paper was drawn.

CHARACTERISTICS OF MINORITY BUSINESS ENTERPRISES

First amd foremost it must be noted that MBEs are characterized more by differences than similarities. The concept of MBEs is artificially imposed upon the business community because of legitimate concerns about social policies. Except for this special designation, MBEs are merely a subset of businesses within the larger set of independently owned small businesses. In fact, an industry by industry analysis of business financial statements reveals that established MBEs are as profitable and financially healthy as established non-minority firms. MBEs are attractively profitable, capably competitive contributors within all segments of our private market economy.

Still, the MBE participation rate is substantially below that of non-minority businesses. In 1977, there were 15.9 MBEs per thousand minority population compared to 80.5 non-minority businesses per thousand non-minority population.

MBEs are, with rare exceptions, small independently owned businesses. They differ on the same characteristics as all small businesses, i.e., by industries in which they participate, form of ownership, form of management control, relative size and number, racial or ethnic ownership, and urban and rural location.

In the following paragraphs, we discuss these characteristics of MBEs both in the present and recent past. Examination of the past is limited by lack of documentation of minority businesses prior to the first Bureau of the Census Survey in 1969. Documentation on Black businesses is somewhat better prior to 1969 than other minorities. Documentation on Hispanic and American Indian businesses is practically nonexistent prior to 1969.

Industry Composition of MBEs

The details of industry composition of MBEs are included in Appendix C. There are several dominant characteristics. First, MBEs are concentrated in those industries that require little capital for business formation. These industries are retail trade and personal services. This is especially true in the history of Black MBEs. An interesting fact is that in the late 1960s and early 1970s, more capital intensive Black businesses began to emerge. The number of Black firms in business services and wholesaling grew significantly from 1972 to 1977 while the total number of firms in traditional, low capital retail food and personal services declined.

Form of Ownership

The dominating form of MBE is the sole proprietorship. This, however, is also the dominating form of all businesses. The sole proprietorship requires no formal or legal documentation. Anyone who merely begins a business is automatically defined as a sole proprietor unless he/she legally apply for incorporation. If two or more individuals join together, they're automatically a partnership. Statistics on sole proprietorships and partnerships that have zero employees originate from tax forms filed with the Internal Revenue Service. Statistics on businesses that have paid employees are derived from records on payment of social security and unemployment taxes to state and federal governments.

A major weakness in identifying MBEs in these statistics is that proprietorships and partnerships taken solely from tax records often exist only for purposes of tax convenience of the taxpayer. For example, partnerships are frequently filed as shelters of the partners other real income. Although one might be inclined to discount these "zero employee" businesses as either casual businesses or tax shelters, some of them are actually family businesses wherein many family members are employed but are not officially defined as employees for social security and unemployment tax purposes. High costs of social security taxes and unemployment insurance discourage family businesses from reporting their true employment of family members. Zero employee proprietorships, then, remain an enumeration of an unknown population. We continue to use the numbers, but remain uneasy about what they represent. For example, data for 1977 does indicate that a higher percentage (81.3%) of minority firms are "zero employee" businesses than the comparable percentage (75.5%) for non-minority firms. It is likely that this representa a larger percentage of minority family businesses rather than tax shelters but we do not know for sure.

Form of Management Control

There are two dominant stereotypes of MBEs; individual owner/manager, i.e., the entrepreneurship; and family owned business where the head of household supervises a business in which other family members participate as workers. Control and ownership are synonymous in these. There is a third, often overlooked management form dominant in many MBEs which are of primary interest to policy makers. This form is the professional manager form. In this form, one or more profession managers supervise and direct the business even though they may be only minor or non-owners of the business. Ownership itself may be vested in other non-management individuals. Actual control of such MBEs may rest with professional managers or owners. It is difficult to define the locus of control and the locus may be transitory, i.e., moving from individual to individual depending upon internal or external requirements. Often, personal expertise in dealing with urgent business will dictate control. For example, in periods of capital scarcity, control may flow to a dominating venture capitalist in the ownership group.

Alternatively, during periods of declining sales, control may flow to a professional manager with expertise in marketing. Thus, the focus of control is an awkward, fluid, impossible concept to measure. Therefore, there are no statistics on the character of management control. This also means that inclusion of minority control within the definition of minority business enterprise provides an opportunity for highly subjective judgments about what control means.

Size of Business

As noted earlier, all minority businesses are, with few exceptions, small businesses. The definition of small business suggested by the White House Conference on Small Business is 500 or less employees. Such businesses represent 97 percent of all business in the United States, but constitute 48 percent of private sector gross national product. Although definitive statistics are not available, it appears that fewer than 20 of the nation's 561,395 minority firms have more than 500 employees. Also only 10 percent of minority firms have more than five employees.

Total dollar sales and book value of assets are other criteria that are used to measure size of business. Both of these are subject to measurement errors due to inflation's impact. Given government's interest in minority employment, size based on number of employees seems to be the appropriate definition for MBEs. A table describing MBEs by employement size class is shown in Appendix C.

Race and/or Ethnic Distribution of Businesses

Social definitions of "minority" in the United States today rest on race and ethnic background of individuals. These social definitions are carried over into the definition of MBEs. There is little reason to deviate from widely accepted definitions of minority groups as used in other social programs. Technical details of number and sizes of businesses by minority groups are available from the 1977 Survey of Minority-Owned Businesses.

Geographic Location of Businesses

Minority-owned businesses are largely concentrated in the most populated areas. Sixty percent are located in six states and 83 percent are located in SMSAs. While most minority businesses can be correctly classified as having an urban location, there are significant numbers in rural areas. These tend to be Black firms in the Southeast and Hispanic and Indian firms in the Southwest.

Summary

MBEs are characterized more by differences then similarities. They are small independent businesses disproportionately concentrated in retailing and personal services industries. Ownership form is dominated by sole proprietorships as is the entire small business community of the United States. It is not possible to measure management control within business enterprises with accuracy where ownership and professional management are separate. Such identification is subjective and prone to considerable error. Number of employees appears to be the most appropriate criteria for measuring the size of minority business enterprises, and the widely accepted definition of minorities based upon race and ethnic background can easily be applied to MBEs. Most MBEs are in urban areas but a significant proportion (17 percent) are rural.

Finally, data on the abovementioned characteristics clearly indicate a wide variety of MBEs appear across all characteristics. No single characteristic mentioned above identifies a unique group of MBEs with common needs and interest. For example, major government policies on capital availability and procurement fall upon MBEs with different impact depending upon their industry, form of ownership, size, and management form. Thus, for policy formulation purposes, it is necessary to identify some combination of characteristics that is specifically relevant to the primary interest of MBDA.

CAUSES OF LOW MINORITY BUSINESS PARTICIPATION RATE

As mentioned earlier, minority businesses have a participation rate of about 1/5 that of non-minority businesses. And, minority businesses tend to be concentrated in the retail and personal services sectors disproportionately compared to non-minority businesses. The causes underlying these facts are hard to identify. To gain perspective on their identity, this paper develops a model of the basic process of business formation, growth, decline, and failure. Next, the factors contributing to each state of this business evolution process are enumerated. Third, the research findings relevant to these underlying factors are reviewed to identify causal relationships. Finally, those causes that show potential for government intervention are identified.

Business Evolution Model

The number and size of MBEs that exist in the economy today represents an "inventory" or "stock" of businesses; the process by which this "stock" exists is analogous to the conventional inventory generation process. We can define this process in three primary steps, (1) business formation, (2) growth, and (3) exit. In other words, size of business activity will increase if new businesses are formed and if existing businesses grow. And, the number of businesses and size of economic activity will decline as businesses exit.

The third step, "exit" involves two kinds of exits. First, is business failure; some firms within the stock of businesses will fail and terminate business. The second kind of exit, often overlooked, is rapidly growing businesses that exit the MBE community by either making a public stock offering and becoming a non-minority business or by being purchased by a non-minority business. Thus, there are really four steps in the business stock model: new business formation, existing business growth, existing business failures, and existing business expansion out of the MBE community. However, since this last step represents successful businesses, it is unnecessary to discuss the problems experienced by this group.

As we search for causes of the unequal stock of MBEs, we will focus on causes based upon three steps; causes of low business formation rate, causes of low growth rate, and causes of high failure rate.

CAUSES OF LOW BUSINESS FORMATION RATE

Given the low participation rate of minority businesses, it is highly probable that the minority business formation rate has been significantly lower than non-minority business formation rate. Formation of an independently owned and operated business is often referred to as entrepreneurship. Entrepreneurial behavior is, by definition, individual behavior. A search of behavioral literature on entrepreneurship yields a wealth of interesting information about entrepreneurs. Three models of entrepreneurial behavior have been looked at extensively: (a) individual personality, (b) role models, and (c) social status in community. In addition to these behavioral factors, business formation is dependent upon entrepreneurial knowledge of business, seed capital availability, and the existence of business opportunities.

A detailed presentation of the three behavior characteristics of entrepreneurs is presented in Appendix A attached to this report. Detailed analysis of the fourth criterion, capital availability, is presented in Appendix B of this report. The history of racial and ethnic prejudice impact upon business opportunity is itemized in Appendix D. The following paragraphs summarize these detailed analyses including the relevant conclusions.

Individual Entrepreneurial Personality

The individual personality model of entrepreneurial behavior hypothesizes that there are certain personality characteristics of individuals that predict they will behave as entrepreneurs, i.e., to form businesses that will succeed. Actually, a review of the research information available and even common sense experience indicates that there are no identifiable personality characteristics, innate or learned, that predict entrepreneurial behavior. If there are such characteristics, they change over time as do individuals. The elements of entrepreneurial personality lie within every human being. It appears to be a matter of time, place, opportunity, and motivation that results in entrepreneurial behavior.

Role Models

The role model theory of individual behavior hypothesizes that individuals must know about and identify with one or more entrepreneurs' behavior (role models) in order to behave in an entrepreneurial way. Low participation rates of MBEs in minority communities means that few role models are available to supply knowledge and identity for minority members. On the other hand, non-minority entrepreneurial models are readily accessible by minorities. The major point of disagreement among researchers is whether minorities have enough exposure to entrepreneurial behavior with which they can identify.

It is clear that minorities, especially as youths, do not experience the same acquaintance with entrepreneurial or family owned business role models that non-minority youths experience. Thus, entrepreneurial role models are not as well known or understood by minorities.

Social Status in Community

The community status hypothesis argues that high minority community status is associated with professional work. Business ownership, although an excellent medium for financial accomplishment, does not have high status in the minority community. Thus, ambitious, educated and mobile minorities will choose professional occupations rather than ownership/income occupation of entrepreneurship.

There is some truth and validity to this model as well. It is noteworthy that one of the fastest growing segments of entrepreneurship among Black minorities has been in professional services. This would seem to combine the advantages of the high status professional role with the income of entrepreneurship.

Knowledge of Business

Knowing what a business is, how it operates, where it should be located, and what market opportunities exist is essential to the act of entrepreneurship. Yet experience shows that far too many entrepreneurs begin with surprisingly limited knowledge about operations, markets and management techniques. Knowledge is also the major factor contributing to low formation rates of new businesses since the "unknown" is always a barrier to action.

Filling this knowledge gap requires vast resources of information and individualized delivery systems because of the diversity of individual needs. For example, one entrepreneur may need inventory management training; another may require shop scheduling knowledge; a third may desire bookkeeping skills. No single simple education program can meet all three needs simultaneously. And still, other entrepreneurs do not know what knowledge they need. They define their needs and problems in terms of what they know, not in terms of what they do not know. Thus, each must be counseled into an individualized definition of needs and problems. Such counseling must be followed by delivery of required information.

This knowledge gap is especially acute among minorities who as a group have lower formal education levels and less personal experience with entrepreneurial models.

Seed Capital Availability

The capital availability model suggests that new business formation and growth is primarily restricted by the availability of equity and debt capital. A typical life cycle of a new enterprise is characterized by six stages: (1) research and development; (2) start-up; (3) early growth; (4) accelerating growth; (5) sustaining growth; and (6) maturity. The capital needs of a business differ depending upon which stage of activity the business is in. The first three stages are periods when the business has no profits and/or cash flows are negative. During these periods, most entrepreneurs seek out private financing either from their own personal wealth or from the wealth of friends and relatives. All of this financing is equity or near equity since the entrepreneur has insufficient cash flow to meet the financial burden of debt interest and principal repayment. These first three stages are necessary steps in the formation of any business. However, the significantly lower wealth levels of minority groups dictates that on average little seed capital is available from personal or family assets to support the first three stages of business development.

Interestingly, government programs to provide capital are generally not directed at the first three stages. SBA loan guarantee and direct loan programs all require interest and principal repayment and therefore are not viable alternatives until stage four or greater. MESBICs are unwilling to risk equity investment in stages one or two, or at least not until revenue producing capabilities are clearly established (late into stage three). There are no government programs specifically directed to the needs of business formation in stages one and two. This fact reflects the difficulty -- perhaps impossibility -- of devising government programs to address the seed capital problem.

Business Opportunity Restrictions

Americans like to refer to their country as a free market economy. In fact, it is the outstanding example of free markets in the world. But, access to the "free market" has been prohibited to some citizens by social and political forces. In the mid-19th Century, most southern states passed laws prohibiting Blacks from entering businesses which required reading or writing skills. Northern states passed laws denying Black entrepreneurs the right to sue. Similar laws were passed by western states to discourage Chinese and Japanese from entering businesses which could compete with White males.

Although such laws have been declared unconstitutional within the last 30 years, unwritten social prejudices still impose barriers to opportunities. Whether these barriers are real or merely imagined by potential entrepreneurs is not an important question. As long as potential entrepreneurs are discouraged by their perceptions of reduced business opportunities because of prejudice, it exists as a limiting barrier.

And, there is a knowledge component to opportunity; potential entrepreneurs must know about products and markets in which they can participate. Conventional communication networks systems, used by non-minorities to learn of business opportunities may not adequately inform minorities.

GROWTH STAGE

As described earlier, the conventional life cycle model of new enterprise identifies three stages of growth, early growth, accelerating growth and sustaining growth. Growth can be internally, or self-constrained, or externally resource-constrained. Internal constraints usually evolve from behavioral characteristics of the owner/manager of the enterprise. External constraints evolve from availability of resources, particularly capital. Other external resource constraints derive from resources such as skilled labor and raw materials.

Self-Constrained Growth

Self-constrained growth originates in the behavior of individuals who control the enterprise. Entrepreneurs may perceive their current level of business activity as being adequate to meet their needs. Such needs can be conceptually separated into financial needs and risk propensities. In many ways, these behavioral characteristics are interrelated but for our purposes we will discuss them separately. A third cause is unwillingness to share ownership and/or control.

Achievement Motivation: McClelland conducted useful studies on achievement motivation among minority business persons during the 1960s. He found in many cases that business persons simply did not know what could be achieved if they tried. On the other hand, his research has shown that minorities have lower achievement motivation than do non-minorities. Because of this, most minority owner/managers select low growth income maintenance forms of business This selection behavior is rooted in low self-esteem derived from historical factors. Slavery of Blacks and abject poverty of Puerto Rican and Mexican Hispanics are factors that are not easily removed as influences upon self-esteem. Social and political prejudices reinforce these historical factors so that minorities believe they are not capable of managing technically demanding or large scale firms. Nevertheless, McClelland's work shows that achievement motivation of some owner/managers can be changed so they become growth oriented.

Risk Propensity: Closely related to achievement motivation is risk propensity. Opportunities for growth are always closely linked with risk of loss. Business growth can only be achieved by investing time and money into a business prior to growth experience. There is risk that the new store, new product, or new service will not be accepted by clients and therefore money and efforts invested will be lost. Research tells us that many entrepreneurs initiate and fail in business enterprise on one or more occasions before they finally initiate and succeed in a business. One explanation for why some people try and try again and others never even try is their differences in risk perception. McClelland's work and work of others have shown that risk perception can be changed or at least put into a different perspective for those who are to assume risk.

Sharing Control: Even when ambition and risk propensity are present, many firms fail to grow because equity capital required exceeds internal capabilities and the owner is unwilling to share ownership with other providers of equity. The fear is that outsiders will take over the business and somehow "cheat" the entrepreneur out of his livelihood. Such concern is widespread among all entrepreneurs and represents a major constraint on growth.

External Resource Contraints

The enterprise life cycle model describes that between early growth and accelerating growth phases, the organization will begin to make an annual profit. However, the annual profit and its associated cash flow will not be adequate to support the ravenous cash needs of a rapdily growing business. Although getting a new business started is a major problem, unless capital becomes available in significant quantity between early growth and accelerating growth, the business will never experience accelerating growth. New business enterprises with excellent growth opportunity may easily require 5 to 15 million dollars in annual capital during accelerating growth. There is still considerable risk at this stage of the cycle. However, government programs for guaranteed lending and investment through MESBICs can be used to supply these capital needs. Reduction in these programs as planned by current budgets could have significant impact on resource availability unless the remaining funding is specifically targeted to minority businesses.

Many resources, including capital, are often constrained by social prejudices. Suppliers restrict raw materials and trade credit to minority firms because "...minorities cannot be trusted." Workers, even minority workers, hesitate to accept employment in minority firms because "minorities are incompetent." Bankers are reluctant to loan money to minorities without ironclad guarantee of repayment. Such "prejudicial" constraints on resources are uniquely burdensome to minority businesses. Small non-minority businesses have these same problems but not to the oppressive degree experienced by minority businesses.

HIGHER BUSINESS FAILURE RATES

Failure rates of MBEs are very difficult to track because of the lack of appropriate statistical data. Ideally, one would identify the formation of every new minority business and track it until it failed or passed into a publicly held or non-minority business status. Unfortunately, it is as difficult to identify exactly when and if a business fails as it is to identify when and if a business if formed. Business formations and failures are not clearly identifiable events. Thus, although MBDA is currently collecting data that will eventually lead to better definition in this area, little historical data exists.

A notable exception to this is the work done by Dave Birch at the Massachusetts Institute of Technology. Using the Dun & Bradstreet files, Birch has studied the business formation and failure data carefully. By focusing on business employment and categorizing by business size, he has identified cycles of growth and decline. Lower failure rates of larger businesses, he finds, are not due to more stable year to year behavior but to their larger size. In other words, both large and small businesses experience cycles of expansion and decline. Larger businesses are able to experience decline without failure, while smaller businesses fail. Interestingly, economic cycles do not appear to be the major factor behind expansions and declines of businesses. Businesses which go through a period of rapid growth are quite likely to follow this growth with a period of decline. Birch concludes that businesses "pulse" from growth to decline with only minor impact from economic cycles.

Growth to a size of over 100 employees is a defense against failure. Birch finds a higher failure rate among firms with 25-99 employees than either larger or smaller firms. This is apparently a critical size. A firm with over 100 employees has achieved a size that is more resilient while those under 25 employees are apparently stable, low growth firms that do not experience pulses. Another finding from Birch's studies is that business failure and decline is uniformly distributed across all regions of the United States. Eight percent of jobs in all regions are terminated by business failure or decline during any one year. The difference in economic growth among regions, therefore, is due to the rate of business formation and growth.

There is inadequate information on MBE failures relative to non-minorities. It should be noted, though, that data being collected by MBDA does demonstrate a pattern of failure rates at least two to four times higher than those of similar non-minority firms. More research needs to be undertaken to determine the causes of higher rates. There is some evidence to suggest that minority firms are burdened by a higher debt structure resulting in more liquidity problems especially during recessionary and tight money periods. Also, following Birch's argument there are only approximately 200 minority owned firms which are larger than the critical size of one hundred employees. A third factor of course could be the whole range of causes previously described which could be categorized as management deficiencies and lack of business knowledge.

These studies lead to three major conclusions. First, minority business development efforts are high risk; small businesses do fail and will continue to fail for reasons that Birch states originate in the 'pulses" of businesses in a free market economy. Assistance programs for MBEs must accept that there will be high failure rates even among assisted businesses. Second, at least eight percent (and probably more) of the jobs in the minority business community are terminated annually. Thus, it is vitally important that the government promote minority business to ensure that new businesses/jobs are generated to replace lost businesses/jobs. This means promoting growth of MBEs who want to grow, promoting new MBE formations, and promoting growth philosophies to MBEs who are reluctant to grow. Finally, since minority businesses probably fail at rates higher than other small businesssses, government efforts should be directed toward gaining a better understanding of why this happens with an objective of at least reducing the gap between minority and nonminority failure rates.

SUMMARY

This paper began with the description of a simplified model of the MBE stock generation processes. It next examined these processes of business formation, growth and failure.

Business formation, it was found, is caused by behavioral characteristics of minority individuals, availability of business knowledge, business opportunity and seed capital. Efforts to increase the formation rates must necessarily address all these causes.

MBEs growth is caused by entrepreneurial interest in achievement, propensity for risk, and concern for sole ownership combined with availability of large sums of growth capital. Efforts to assist MBEs growth need to be directed at all four causes.

Business failures are less clearly defined. However, it is clear that failures are a free economy structural phenomena over which only limited influence can be exerted without distorting the structure. Failures will occur and jobs will disappear. Historically, economic growth has occurred through business formation and growth rates in excess of business failure and decline rates. Thus, although programs to promote MBEs are fraught with risk because of structural phenomena, it is essential that these programs be carried out in order that growth in minority employment and economic participation continues so greater portions of minorities can be integrated into the American economy.

SUMMARY OF
CAUSES OF LOW MBE
PARTICIPATION RATE

I. Low Business Formation Rate

- a. Absence of role models
- b. Low social status in community
- c. Lack of business knowledge
- d. Limited seed capital
- e. Business opportunity restrictions

II. Low Business Growth Rates

- a. Self-Constrained Growth
  1. Low achievement motivation
  2. Low risk propensity
  3. Unwilling to share ownership/control
  4. Poor self-concept

b. Externally Constrained Growth

    1. Capital availability
    2. Resource supplier race/ethnic prejudice
    3. Labor race/ethnic prejudice

III. Higher Business Failure Rate

a. Higher debt structure
b. Proportionately smaller size
c. Lack of business knowledge
d. Unwilling to share ownership/control

AN ECONOMIC ANALYSIS OF SUCCESSFUL HISPANIC BUSINESSMEN

Miguel Angel Valdivieso[1]
Regional Transportation Authority

This study concentrates on determining the socio-economic characteristics contributing to the success of Hispanic businessmen in the City of Chicago. Forty-five businessmen representing the three major Hispanic groups in the city, namely, Cubans, Mexicans and Puerto Ricans were interviewed during the winter of 1981. Results obtained in the study indicated that the businessmen surveyed demonstrated a high degree of adaptability to the new marketing mix that is taking place within the Chicago Hispanic market. In addition, it was found that the businessmen surveyed took pride in starting and maintaining their businesses through their own sources or by minimizing the participation of external sources; and they felt that government programs discourage requests for assistance because of the inordinate amount of paperwork required by the application process. The study concludes with recommendations for further research in critical areas that deserve more attention in order to reach a smooth economic development of the Hispanic market in this country.

UN ANALISIS DE NEGOCIOS HISPANOS PROSPEROS

Miguel Angel Valdivieso[1]
Regional Transportation Authority

Este estudio se concentra en determinar las características socio-económicas que contribuyen al éxito de comerciantes Hispanos en la Ciudad de Chicago. Cuarenta y cinco comerciantes, representando los tres grupos Hispanos más grandes en la ciudad, es decir, Cubanos, Mexicanos y Puertorriqueños, fueron entrevistados durante el invierno de 1981. Los resultados obtenidos en el estudio indican que los comerciantes entrevistados demostraron un alto grado de adaptabilidad en la nueva estructura de mercadéo que se está desarrollando dentro del mercado Hispano de Chicago. Además, se encontró que los comerciantes

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entrevistados se sentían orgullosos de haber iniciado y mantenido sus negocios a base de sus propios recursos o con una participación mínima de recursos externos; y que los programas gubernamentales diseñados para...asistir a pequeños comerciantes desalientan al solicitante por la cantidad excesiva de papeléo durante el proceso de solicitud. El estudio concluye con recomendaciones para...futuras investigaciones en áreas críticas que requieren más atención para poder lograr un desarrollo económico fluente en el mercado Hispano en este país.

Este artículo aparece en inglés en las páginas siguientes

INTRODUCTION

The area of interest of this paper is success among small businessmen. Therefore, this work will not follow the literature on small business failures which seem to be in the overwhelming majority, due to misinterpretation of the Dun & Bradstreet data. (D & B is the main source for business failure information.) The fact is that the businesses that "fail" represent less than 0.4% of all the firms reporting to D & B (Massel 1978). So instead of concentrating on the small number of failures, we should recognize the contribution made to our economy and its growth by the small businesses operated by successful businessmen. We should study and report their success in order to motivate would-be entrepreneurs. Accordingly, the objectives of this work are as follows:

-to contribute to a better understanding of entrepreneurial success in the developing and expanding Hispanic-American market in the U.S. (which in fact represents the seventh largest concentration of Hispanics in the world, as shown in Table 1).

-to encourage the creation of more small businesses owned and operated by Hispanic businessmen;

-to narrow the gap that exists between the Hispanic business community and the institutions that are part of the infrastructure of the American economy.

-to make more people aware that the small enterprise economy exists, that it is important and should be studied in our high schools and colleges where students are preparing themselves to become the future businessmen of this country.

THE SAMPLE, THE INDUSTRY

The sample included fifteen businessmen from each of the following groups: Cubans, Mexicans and Puerto Ricans, giving a total sample of forty-five respondents. Businessmen were selected according to the following criteria for success:

-Business was initiated and developed by the businessmen, and had at least five years of operation.

-Business had a minimum of five full-time employees or the equivalent of 200 man-hours per week.

This selection process allowed us to have a sample of Hispanic businessmen that were functioning within the "managerial stage" of the business rather than within the "entrepreneurial stage." That is, we are dealing with a group of businessmen that have already gone through the entrepreneurial process and now are dealing more with the managerial aspects of the business. This position can be seen more clearly by the use of a Gompertz curve, as shown in Exhibit 1.

EXHIBIT 1

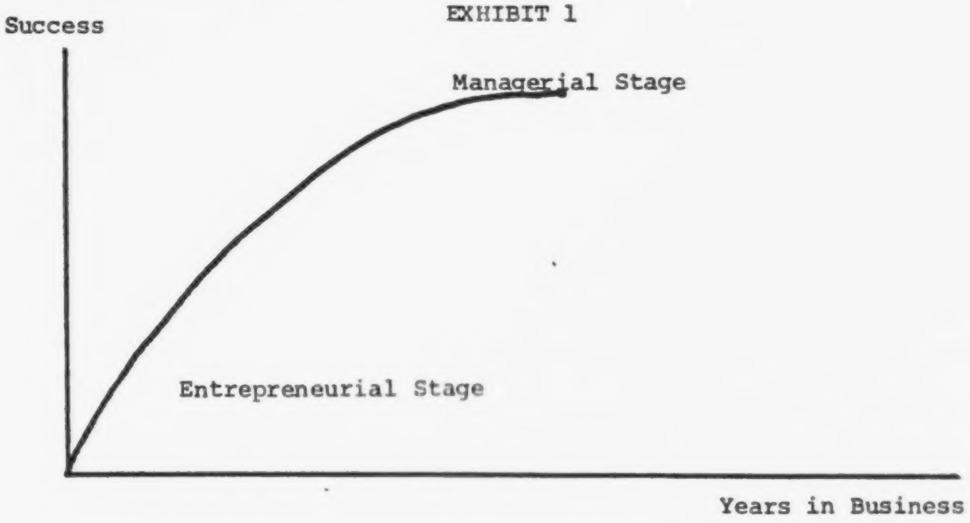

TABLE 1

MIDYEAR HISPANIC POPULATION ESTIMATES, BY COUNTRY: 1979

Country	Population	Rank
Argentina	27,210,000	3
Bolivia	5,213,000	13
Chile	10,848,000	8
Colombia	26,205,000	4
Costa Rica	2,184,000	20
Cuba	9,824,000	9
Dominican Republic	5,551,000	12
Ecuador	7,763,000	10
El Salvador	4,662,000	14
Guatemala	6,849,000	11
Honduras	3,645,000	15
Mexico	65,770,000	1
Nicaragua	2,365,000	19
Panama	1,876,000	21
Paraguay	3,117,000	17
Peru	17,164,000	5
Puerto Rico	3,395,000	16
Spain	37,077,000	2
United States	12,079,000	7
Uruguay	2,910,000	18
Venezuela	14,539,000	6

Source: U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States: 1980 (101st edition). (Washington, D.C.: U.S. Government Printing Office, 1980) Tables 41, p. 35 and 1573, pp. 897-899.

In order to make the study more manageable, one industry only was studied. Analyzing the census data of Hispanic-owned business enterprises it was found that, at the retail level "Food Stores" and "Eating and Drinking Places" are the industries with the highest concentration of Hispanic businesses. As shown in Table 2, in 1972 about 30% of all the businesses owned by Hispanics in the United States fell into these two categories, generating approximately 35% of total gross sales.

TABLE 2 *

TOTAL NUMBER OF HISPANIC FIRMS IN THE
UNITED STATES, BY INDUSTRY: 1972

S.I.C.	TOTAL USA (1972)	# of Firms	Gross Sales (000's)
52	Building Materials & Garden Supplies	470	$ 40,372
53	General Merchandise Stores	472	28,205
54	Food Stores	5427 (13%)	441,828 (18%)
55	Auto Dealers & Service Stations	4339	457,151
56	Apparel & Accessory Stores	1108	50,603
57	Furniture & Home Furnishing Stores	1217	85,141
58	Eating & Drinking Places	7209 (17%)	402,281 (17%)
59	Miscellaneous Retail Stores	8851	221,774
--	Retail Trade Not Allocated	13100	692,700
	TOTAL	42193	$2,420,055

As indicated in Table 3, in 1977 food stores represented 15% and eating and drinking places represented 13% of gross sales. During the period from 1972 to 1977 food stores experienced an increase both in terms of number of firms and gross sales. Grocery stores represented the most common type of business in this industry. This is consistent with the study done in Chicago by A. H. Kizilbach and E. T. Garman (1975) when they found that "the most visible and popular form of Spanish-owned business in these communities is grocery retailing." Based on the above, grocery stores were selected as the industry in which this study was to be conducted.

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*Source: U.S. Department of Commerce, Bureau of the Census, Survey of Minority-Owned Business Enterprises--Spanish Origin (Washington, D.C.: U.S. Government Printing Office), Table #1, pp. 42-54.

TABLE 3

TOTAL NUMBER OF HISPANIC FIRMS IN THE UNITED STATES, BY INDUSTRY: 1977

S.I.C.	TOTAL USA (1977)	# of Firms	Gross Sales (000's)
52	Building Material & Garden Supplies	643	$ 46,764
53	General Merchandise Stores	322	22,322
54	Food Stores	5614 (10%)	554,168 (15%)
55	Auto Dealers & Service Stations	3398	589,537
56	Apparel & Accessory Stores	1319	64,832
57	Furniture & Home Furnishing Stores	1775	111,288
58	Eating & Drinking Places	6946 (12%)	509,122 (13%)
59	Miscellaneous Retail Stores	11108	326,356
--	Retail Trade Not Allocated	26707	1,563,148
	TOTAL	57832	$3,787,537

Source: Same as Table 2, pp. 30-39.

THE BUSINESSES

In terms of the legal form of the businesses, as Table 4 indicates, 66% of the businesses were sole proprietorships, 16% were partnerships and 18% were corporations. In all eight corporations the directors were the owners/managers and their spouses and/or children.

TABLE 4

LEGAL FORM OF THE HISPANIC BUSINESSES SURVEYED

	All		Cubans		Mexicans		Puerto Ricans	
	n	%	n	%	n	%	n	%
Sole Proprietorship	30	66	9	60	9	60	12	80
Partnership	7	16	3	20	1	7	3	20
Corporation	8	18	3	20	5	33	-	-
TOTAL	45	100	15	100	15	100	15	100

Businesses were located in predominantly Hispanic areas such as South Chicago, Pilsen, Little Village, West Town, Logan Square, Uptown and Lower Rogers Park, among others. In a study conducted by Armando R. Triana (1980) it was found that the Hispanic population in the City of Chicago has been experiencing significant changes since the middle seventies. What is interesting to observe is that the forty-five businessmen surveyed in this study have been able to adapt themselves to this new marketing mix. Not only are they selling the ethnic products demanded by the different national groups but they are also employing people from other Hispanic countries. Today, for instance, we can find stores owned by Cuban businessmen located in traditional Cuban neighborhoods selling Mexican Piñatas or Carnitas and employing Mexicans as well as people from other Central American countries. Also it is easy to find Mexican and Cuban stores in traditional Puerto Rican areas selling products demanded by Central and South Americans.

DEMOGRAPHICS

As shown in Table 5, the average age of the businessmen surveyed was 43 years with a standard deviation of 9.2 years. The youngest and oldest businessmen were found among the Mexicans.

TABLE 5

AGES OF THE BUSINESSMEN SURVEYED

	Average	High	Low
All (n-45)	43.4	57	25
Cubans (n=15)	44.7	53	31
Mexicans (n=15)	38.2	57	25
Puerto Ricans (n=15)	47.2	54	31
Standard Deviation = 9.2 (n=45)			

As a group, the average number of years living in the United States was twenty. Here again, Mexicans represented the two extremes, that is, newcomers (7 years) and oldest businessmen (40 years) were found in this group. In terms of the years living in Chicago, as a whole the average number of years was nineteen. The group represented by the Puerto Rican businessmen appears to be the oldest group living in Chicago. In fact, over 80% have lived in this city for more than twenty years.

Our group of businessmen surveyed had an average of 8.6 years of education. A higher percentage of Cuban and Mexican businessmen stated that the schools they attended were located in urban areas, while 60% of the Puerto Rican businessmen stated that the schools they attended were located in rural areas.

In general terms, it was found that the businessmen surveyed in this study come from the working class and that the majority of them engaged in agricultural work and general factory work before they started their current business.

FINDINGS

Table 6 displays the number of years of experience that the businessmen stated they had prior to opening their current business. (Within this context, prior experience refers to any kind of work performed by the businessmen; it is not restricted to grocery stores.) Sixty percent of the Cuban businessmen stated that they had over twenty years of experience before they started their current business, sixty-seven percent of the Puerto Ricans had between eleven and twenty years of experience before they engaged in their current business while sixty-seven percent of the Mexican businessmen had less than eleven years of experience before they opened their current businesses.

TABLE 6

NUMBER OF PRIOR YEARS OF EXPERIENCE FOR SURVEY GROUP

	Average	High	Low
All (n=45)	17.1	37	4
Cubans (n=15)	20.9	37	10
Mexicans (n=15)	12.7	32	4
Puerto Ricans (n=15)	17.8	30	6

Years	All		Cubans		Mexicans		Puerto Ricans	
	n	%	n	%	n	%	n	%
1-10	15	33	2	13	10	67	3	20
11-20	16	36	4	27	2	13	10	67
21-30	12	27	8	53	2	13	2	13
31-40	2	4	1	7	1	7	-	-
	45	100	15	100	15	100	15	100

In terms of the number of years working in their current business, the average number of years for the group as a whole was 9.1 years.

When the businessmen were asked to give reasons for entering this type of business, the most common reasons were: prior experience, being tired of working for someone else and the desire to be one's own boss.

A predominant characteristic found in small businesses is the participation of spouses and relatives in the day-to-day operations. The businessmen were asked to indicate what role, if any their wives played when they started their current business. As indicated in Table 7, sixty-two percent of the businessmen indicated that their wives' participation in the business was very important. Twenty percent stated that it was important and eighteen percent stated that their wives did not participate in their business.

TABLE 7

WIFE PARTICIPATION IN THE OUTSET OF THE BUSINESSES SURVEYED

	All		Cubans		Mexicans		Puerto Ricans	
	n	%	n	%	n	%	n	%
Very Important	28	62	10	67	9	60	9	60
Important	9	20	3	20	5	33	1	7
Didn't Participate	8	18	2	13	1	7	5	33
	45	100	15	100	15	100	15	100

In the grocery business, success depends, to a certain degree, on the location and internal environment of the store. In this study, businessmen were asked to indicate what factors, if any, they considered when they opened their current business. As can be observed in Table 8, "Physical Condition of the Store," "Pedestrian Traffic," and "Neighborhood Conditions" appear to be significant elements that the businessmen considered when they selected the location of their current business. In addition, "Access to Public Transportation" was also stated by the businessmen as a significant factor for store location. This finding is consistent with what R. King and E. DeManche found in their study among low-income families; that access to public transportation was an important factor for shoppers.

Table 9 displays the sources of financing used by the businessmen when they opened their current business. The numbers displayed in the table refer to the number of businessmen that mentioned the utilization of such source. For instance, thirty businessmen indicated that "Personal Savings" was one of the sources used to originally finance their current business.

TABLE 8

FACTORS CONSIDERED IN SELECTING LOCATION OF CURRENT BUSINESS FOR SURVEY GROUP
(In descending order)

	All	Cubans	Mexican	Puerto Ricans
Physical Condition of the Store	35	14	11	10
Pedestrian Traffic	34	10	12	12
Neighborhood Conditions	33	11	13	9
Access to Public Transportation	32	12	12	8
Street Traffic	30	8	11	11
Parking Facilities	29	11	9	9
Rent	28	12	7	9
Competition	25	8	10	7
Services Provided by Landlord	20	8	6	6
Other*	5	0	5	0

*Near to a Bank (3) and Near to Home (2).

TABLE 9

SOURCES USED TO FINANCE THE CURRENT BUSINESS

Personal Savings	30
Milk Company	20
Loans from Friends	6
Loans from Relatives	5
Other Suppliers	5
Partners (active at outset)	5
Loans from S.B.A	2
Loans from Banks	2

Some of the questions to be answered by this study were to find out the degree of awareness of government programs that assist small businessmen and the level of utilization of these programs by Hispanic businessmen. Table 10 displays the answers to these questions.

TABLE 10

AWARENESS OF GOVERNMENT PROGRAMS

	All		Cubans		Mexicans		Puerto Ricans	
	n	%	n	%	n	%	n	%
Yes	24	53	5	33	11	73	8	53
No	21	47	10	67	4	27	7	47
	45	100	15	100	15	100	15	100

UTILIZATION OF GOVERNMENT PROGRAMS

	All		Cubans		Mexicans		Puerto Ricans	
	n	%	n	%	n	%	n	%
Yes	10	22	4	27	4	27	2	13
No	35	78	11	73	11	73	13	87
	45	100	15	100	15	100	15	100

As Table 10 indicates, 53% of the businessmen stated that they were familiar with some of the government programs to assist small businessmen, but, surprisingly, only 22% have used those programs.

Another area of interest was to find out how these businessmen interpreted success or, in their view, what were the factors that contributed to their success. Table 11 displays the answers to this question.

As Table 11 indicates, "Services," "Dedication to the Business," and "Self-Confidence" were the most common factors stated by the businessmen to be significant contributors to business success. Surprisingly, "Knowledge of Law" and "Planning" were factors mentioned only once.

The fact that practically none of the businessmen mentioned that planning was an element that contributed to their success presents a rather interesting point, and this perhaps suggests they do not follow a systematic plan for the day-to-day operation of their business but they do have some kind of informal or loose plan as Table 12 indicates. Fifty-three percent of the businessmen stated a desire to eventually expand their current business, 16% indicated that they are thinking of opening a "chain"; in fact, two of the businessmen (Mexicans) already own more than one store

TABLE 11

FACTORS CONTRIBUTING TO BUSINESS SUCCESS
(as viewed by the businessmen)

	All	Cubans	Mexicans	Puerto Ricans
Services	26	10	7	9
Dedication to Business	23	6	9	8
Self-Confidence	18	8	6	4
Honesty	13	6	3	4
Experience	12	4	6	2
Knowledge of Business	12	4	2	6
Ability to Delegate	9	3	4	2
Knowledge of Laws	1	-	1	-
Planning	1	-	1	-

and plan to open more under the same name. Another interesting point is that none of the businessmen mentioned anything in terms of preparing a person who could substitute for them in the future. In addition, very little evidence was observed in terms of active participation of the businessmen in events related to their Chambers of Commerce and other community organizations.

TABLE 12

PLANS FOR THE FUTURE

	All		Cubans		Mexicans		Puerto Ricans	
	n	%	n	%	n	%	n	%
To Expand Current Business	24	53	7	47	8	54	9	60
To Open a Chain	7	16	5	33	2	13		
To Open a Wholesale Business	2	4			2	13		
To Retire	7	16	2	13	2	13	3	20
No Plans	5	11	1	7	1	7	3	20
	45	100	15	100	15	100	15	100

In the section that follows, the regression analysis performed on the data related to the findings discussed above will be presented.

A total of thirteen independent variables classified in two groups were used. The first group included nine sociodemographic variables:
-Age of the businessmen (YA)
-Time living in Chicago (YC)
-Level of education (YE)
-Years of experience before they started the current business (YX)
-Years of operation in the current business (YB)
-Wife participation (WP)
-Nationality of the businessman
  Cuban (CU)
  Mexican (ME)
  Puerto Rican (PR)

The second group of independent variables consisted of four institutional variables:
-Methods of financing the current business (FI)
-Factors used in selecting the location of the current business (FT)
-Use of government programs (UP)
-Use of institutions that assist small businessmen (UI)

In terms of the dependent variable (Success), eight proxies for success were developed. Of the eight proxies, only three presented significant results. (Annual Sales; Annual Sales to the number of hours worked by the businessman per year and Annual Gross Profits to the number of hours worked by the businessman per year.) Several regression analyses were performed using the other five proxies but the results were not statistically significant.

Table 13 displays a set of significant equations that were obtained using as the dependent variable the ratio of Annual Sales to the number of hours worked by the businessman per year. This proxy appears to be the best indicator to measure success. The first three equations contain the same number of variables, that is, five demographics and one institutional variable. The difference among them lies within the dummy variables used to identify the nationalities of the businessmen surveyed. In the first equation the control group is "Puerto Ricans", in the second equation the control group is "Cubans" and in the third equation, the variable "Mexicans" represents the control group. The coefficients and levels of significance of all the other variables remain constant in all three equations. "Years in current business" exhibits a positive sign and it is significant at the .05 level. "Years of Education" is also positive but significant only at the .10 level. "Years of prior experience", a variable for which its sign was expected to be positive, enters with a negative sign and it is significant at the .10 level. Analyzing the coefficient of the nationality variables, a possible interpretation of the results obtained in these three equations is that Cuban and Mexican businessmen follow a relatively similar pattern of success, a pattern that appears to be different from that exhibited by the Puerto Rican businessmen.

TABLE 13

SIGNIFICANT REGRESSION EQUATIONS USING THE RATIO OF ANNUAL SALES TO THE NUMBER OF HOURS WORKED PER YEAR AS THE DEPENDENT VARIABLE: TOTAL SAMPLE

(n=45)

```
S' = -.1417E+02 + 4.0958E+00 PT + 5.7809E+00YE + 3.8085E+01 ME + 6.0358E+00 YB -.2523E+01 YX
     (-.174)      (.829)          (1.352)**      (1.206)          (2.020)*        (-1.452)**

   + 1.1590E+02 CU
     (3.769)*

       STD. DEV. OF RESIDUALS = 80.5883      R^2 = .4050              F VALUE = 4.31

S' = 1.0173E+02 + 4.0959E+00 PT + 5.7809E+00 YE - .2523E+01 YX - .7782E+02 ME + 6.0358E+00 YB
     (1.137)      (.829)          (1.352)**       (-1.452)**      (-2.358)*       (2.020)*

   -.1159E+03 PR
    (-3.769)*

       STD. DEV. OF RESIDUALS = 80.5883      R^2 = .4050              F VALUE = 4.31

S' = 2.3915E+01 + 4.0959E+00 PT + 5.7809E+00 YE -  .3808E+02 PR + 6.0358E+00 YB - .2523E+01 YX
     (.292)       (.829)          (1.352)**        (-1.206)        (2.020)*         (-1.452)**

   + 7.7820E+01 CU
     (2.358)*

       STD. DEV. OF RESIDUALS = 80.5883      R^2 = .4050              F VALUE = 4.31

S' = -.1063E+02 + 3.7842E+01 ME + 1.1814E+02 CU + 2.9374E+01 WP -  .2811E+01 YX + 5.9385E+00 YB
      (-.139)     (1.205)         (3.907)*        (.984)           (-1.638)**      (2.004)

   +6.1797E+00 YE
     (1.431)**

      STD. DEV. OF RESIDUALS = 80.2968      R^2 = .4093               F VALUE = 4.39
```

* = Significant at .05 level (one tail test)

** = Significant at .10 level (one tail test)

TABLE 14

SIGNIFICANT REGRESSION EQUATIONS USING THE RATIO OF ANNUAL SALES TO THE NUMBER OF HOURS WORKED PER YEAR AS THE DEPENDENT VARIABLE, BY NATIONALITY

(n = 15)

```
S"' = -.1742E+03 + 9.9321E+00 PT + 8.1403+01 WP + 2.3641E+01 YB
      (-1.966)*    (1.161)          (1.618)**      (4.125)*

      STD. DEV. OF RESIDUALS = 77.7447   R^2 = .6607   F VALUE = 7.14

S"' = -.1140E+03 + 4.4911E+ol WP + 5.6408E+00 YB + 1.6065E+01 YE
      (-1.305)     (.967)          (1.459)**       (2.818)*

      STD. DEV. OF RESIDUALS = 70.5403   R^2 = .4331   F VALUE = 2.80

S"' = 1.4115E+02 - .8355E+00 YB - .5573E+01 PT - .5280E+02 WP
      (5.412)*     (-.526)         (-1.855)*      (-3.166)*

      STD. DEV. OF RESIDUALS = 28.3989   R^2 = .5405   F VALUE = 4.31
```

14.1 = Cubans   14.2 = Mexicans   14.3 = Puerto Ricans

* = significant at .05 level (one tail test)

** = significant at .10 level (one tail test)

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The last equation in the table presents a small change. The variable "Factors of Location" is dropped and a new variable, "Wife Participation" is introduced. The sign of this new variable was as expected, positive, but its level of significance was low. All other variables in this equation present results similar to those found in the previous equations.

In addition to the above equations, another set of equations were obtained where regression analysis was performed on each nationality independently. The purpose of these analyses was to identify those variables that were significant within each nationality and also find out if the same variables were significant in more than one group. The dependent variable used in this set of equations was the ratio of Sales to the number of hours that the businessman worked per year because, as discussed above, it appears that this approach is a good indicator to measure success.

Although the results obtained in this section should be interpreted with some limitations due to the reduction in the number of observations (15 for each group), nevertheless, they present us with some interesting points that should be considered for future research.

The first equation refers to the Cuban businessmen. Here, the most significant variables are the demographic variables "Years in Current Business" and "Wife Participation." The former is significant at the .01 level while the latter is close to being significant at the .05 level.

The second equation refers to the Mexican group. The most significant variable in this equation is the demographic variable "Years of Education" which is positive and significant at the .05 level. "Years in Current Business" is also positive and significant at the .10 level only.

The third equation refers to the Puerto Rican businessmen. The sign and value of the coefficients present interesting results. Of the three demographic variables used, two of them are statistically significant. "Wife Participation" is significant at the .05 level but its sign is negative. "Factors of Location" is significant at the .05 level but again it exhibits a negative sign. "Years in Current Business", a variable that was significant in the overall analysis as well as in the analyses performed on Cubans and Mexicans, exhibited negative sign and was not statistically significant.

SUMMARY AND RECOMMENDATIONS

Although the sample used in this study was limited in terms of observations (45), geographic location (City of Chicago) and scope (Hispanic grocery industry) the findings obtained have identified five common characteristics among the businessmen surveyed: 1) adaptability to the new Hispanic marketing mix, 2) methods of financing their current business, 3) low participation in government sponsored program to assist small businessmen, 4) low participation in community events, and 5) lack of formal planning for business succession. Of the five characteristics mentioned above, the first one could be considered as the most significant contributor to the success achieved by the businessmen surveyed. *All* of them, regardless of their *backgrounds*, demonstrated a high degree of adaptability to the new marketing mix that is taking place within the Chicago Hispanic market. This adaptability was clearly observed in both the labor force employed and the products and/or services supplied. In terms of the labor force, the businessmen surveyed are employing people from the different Hispanic countries, thus minimizing any cultural gap problem and therefore, improving the relationship between business and customers. This approach has allowed the businessmen to maximize part of his economic resources; thus, his inventories carry the proper products demanded by this new marketing mix. For instance, it is easy to find stores owned by Cuban businessmen and located in traditional Cuban neighborhoods selling Mexican *piñatas* or *Carnitas*. Also, we can find Mexican stores in traditional Puerto Rican areas selling products demanded by Central and South American customers.

This finding in adaptability to the market was observed to be the most significant contributor to business success in both the quantitative and non-quantitative analyses performed on the data. On the quantitative analysis, this finding could be represented by the variable "Years in Current Business", which was positive and statistically significant at the .05 level. On the non quantitative approach, this finding is identified by the answers given by the businessmen to the question "What were the most important factors contributing to your success?" In answering this question, they stated that "Services" and "Dedication to Business" were the most significant factors contributing to their success.

The businessmen surveyed appear to be self-starters, interested in financing growth themselves. Personal savings and the milk company appear to be the *most common* methods of finance used by the businessmen surveyed.

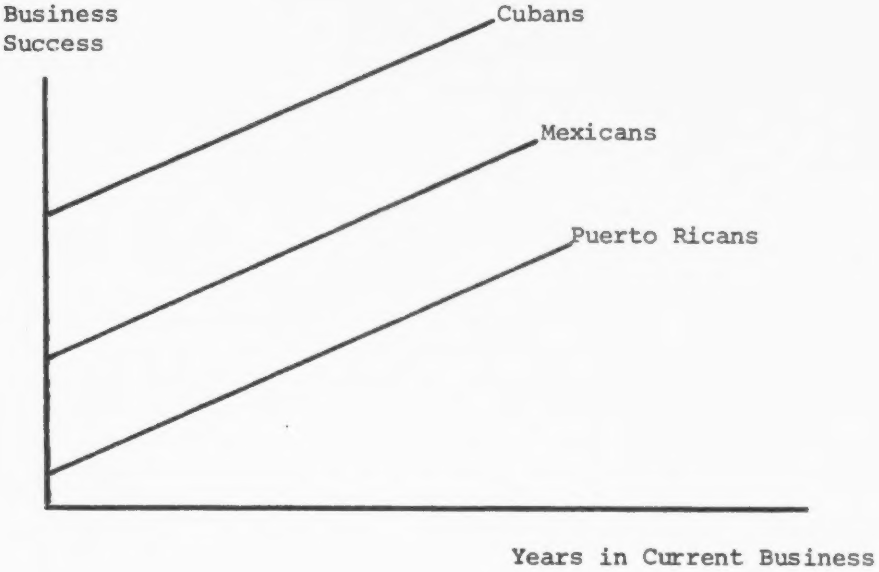
Approximately 80% of the businessmen did not come to government agencies or any other agency for assistance. This behavior was confirmed by the regression models in which it was found that the institutional variables "Use of Government Programs to Assist Small Businessmen" and "Methods of Financing the Current Business" were not among those variables that were identified as significant contributors to business success. Very little evidence was observed in terms of active participation of the businessmen in events related to their Chambers of Commerce and other community organizations.

In terms of business succession, a critical aspect in economic development, none of the businessmen had a plan or program designed to prepare an individual for managerial positions.

Although the findings stated above indicate that *several common characteristics appear to exist* among the Cuban, Mexican and Puerto Rican businessmen surveyed, the degree of business success, as found in the regression analysis, varies among the three groups. If we take the variable "Years in Current Business" (which appears to be the most important contributor to success), and relate it to business success, holding all the other variables constant, we find that the degree of business success achieved by the Puerto Rican businessmen was statistically different from that experienced by the Cuban and Mexican businessmen. This finding could be graphically demonstrated as shown below:

EXHIBIT 2

LEVEL OF BUSINESS SUCCESS AMONG BUSINESSMEN SURVEYED



The businessmen surveyed are successful, but they might have achieved even higher levels of success if outside assistance were available. A favorable climate for greater Hispanic business success might require better communication between the Hispanic business community and the government programs designed to assist them. Furthermore, opening more traditional sources of financing would also likely contribute to the successful growth of Hispanic firms. Finally, programs to assist Hispanic businessmen in formulating business planning might also be desirable. It is not being suggested that the Hispanic businessman should depend on the government, since dependency is not the road to development, but what is being suggested is that better communication should exist among all the parties involved so that a smooth economic development could be achieved by the Hispanic-American business community of this country.

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VALUE PROFILES AMONG ANGLO, LATIN BLACK ENTREPRENEURS

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Value profiles of 334 Anglo, Latin, and Black entrepreneurs were compared using the Study of Values. These owner-managers consisted of 162 males and 171 females. Profiles between the sexes were significantly different and Black entrepreneurs had much different profiles than those of the Anglos and Latins.

"Value profiles" de 334 empresarios Anglos Latinos y Negros fueron comparados usando el Study of Values. El grupo, compuesto de gerentes - dueños consistió de 162 hombres y de 171 mujeres. Se encontró que los perfiles entre los sexos eran significatívamente diferente y los empresarios Negros tenían un perfil mucho más diferente que aquellos de los empresarios Anglos y Latinos.

INTRODUCTION

Over the past 20 years there has been an increased interest in managerial values. (Guth & Taguiri, 1965; England, 1966; Lusk & Oliver, 1974; Connor & Becker, 1975; Singer, 1975; Watson & Simpson, 1978; Hodgetts et. al., 1978; Hodgetts & Cascio, 1979). England has noted that the significance and importance of studying the value systems of managers is easily seen when one considers some of the reasonable assumptions and implications that flow from them including: (1) personal values systems influence a manager's perception of situations and problems being faced; (2) these value systems also influence a manager's decision and solutions to problems; (3) they influence the way in which a manager looks at other individuals and groups of individuals and thus impact on interpersonal relationships; and (4) personal value systems affect the perception of the individual and organizational success as well as their achievement (p. 54).

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In recent years there have been attempts to measure the values of managers, in particular successful ones. The most common research instrument used in these efforts has been the Allport, Vernon, Lindzey (AVL), *Study of Values*. The *Study of Values* is structured in two parts and has a total of 45 questions. The first part, consisting of 30 questions, asks the respondent to indicate a preference between two choices. The second part, containing 15 questions, asks the individual to rank order four options for each question. The scoring is ipsative in nature in that a higher score for one value item forces a lower score for another.

The study produces a personal profile of six values: theoretical, economic, aesthetic, social, political, and religious. Each is described in Table 1.

TABLE 1

Value Classifications

1. The *theoretical* person is primarily interested in the discovery of truth, in the systematic ordering of knowledge. The individual's interests are empirical, critical, and rational. Scientists or philosophers are often of this type.

2. The *economic* person is primarily oriented toward what is useful. This individual is interested in practical affairs of the business world; in the use of economic resources; and in the accumulation of tangible wealth. This person is thoroughly "practical" and fits well the stereotype of the American business person.

3. The *aesthetic* person's chief interest is the artistic aspects of life, although the person need not be a creative artist. Form and harmony are valued; the individual views experience in terms of grace, symmetry, or harmony.

4. The essential value for the *social* person is love of people--the altruistic or philanthropic aspect of love. This individual values people as ends, and tends to be kind, sympathetic, unselfish.

5. The *political* person is characteristically oriented toward power, not necessarily in politics, but in what ever area he or she functions. Most leaders have a high power orientation.

6. The *religious* person is one whose mental structure is permanently directed to the creation of the highest and absolutely satisfying value experience. The dominant value is unity. The person seeks to relate to the universe in a meaningful way and has a mystical orientation.

The Study of Values has been used in numerous research undertakings. Tagiuri (1965) administered it to 178 research managers attending R&D seminars at the Harvard Business School during 1961-1963, 157 scientists with limited supervisory responsibilities, and 653 executives attending the Harvard Business School's Advanced Management Program. Table 2 shows the results. The three groups were similar in that theoretical, economic, and political values were assigned the top three positions -- although not always in this order.

Table 2

Value of Profiles

Different Managerial Groups

Values	Scientists	Research Managers	Executives
Theoretical	51.2	49.0	41.5
Economic	40.7	43.7	54.6
Aesthetic	38.1	36.6	33.5
Social	34.3	32.1	31.1
Political	40.4	43.1	51.0
Religious	35.3	35.5	28.3

(Tagiuri, 1965, p. 44)

In another study using the AVL, Brandon and Naumes (1975) surveyed approximately 200 chief executive officers of small to medium-sized property and liability insurance companies. Their results, as seen below, were similar to those of Tagiuri's executive group.

Table 3

A Comparison of Value Profiles From Two Different Research Studies

Value	Arithmetic Mean		Standard Deviation	
	1965	1975	1965	1975
Theoretical	44.05	42.02	6.6	6.7
Economic	45.28	47.52	8.8	8.2
Aesthetic	34.33	34.69	9.0	8.8
Social	33.29	34.71	7.0	6.8
Political	43.79	43.45	7.2	6.8
Religious	39.26	37.96	9.6	9.6

(Brandon and Naumes, 1975, p. 198)

The authors concluded that these studied rather clearly pointed out that the personal value systems of American managers remained relatively stable over time.

> The period covered (1965-1975) has been categorized by many as the most turbulent ten years in American history. It represents a decade of challenge to long-held national values and issues (e.g., authority, loyalty, patriotism). It was a decade of change in the way American business operated. There was greater governmental intervention, particularly in the property-liability insurance industry; a trend toward consumerism resulting in greater concern for quality of product and service; and growing support for corporate social responsibility. Seemingly, these changes would demand responses from corporate executives who hold substantially different value orientations from the executives of 1965. On the basis of the study reported, such does not appear to be the case. There appears to be very little change over the past decade, in the value orientations of the executives (p. 198).

More recently research attention has focused on the Study of Values among successful women in organizations. Hodgetts et al. (1978) administered the Study of Values to 51 females identified as successful within their organizations (retailing, law, manufacturing, education, banking, insurance and government). A premise of the study was that there is some linkage between one's values and career success. The results were the following:

Table 4

Values of Successful Women In Organizations

Value	Mean	Standard Deviation	Range Minimum	Range Maximum
Theoretical	39.3	5.5	29	49
Economic	44.0	9.1	22	62
Aesthetic	42.0	8.0	23	61
Social	33.6	7.9	17	53
Political	44.4	5.6	30	60
Religious	36.7	10.0	19	56

(Hodgetts, 1978, p. 376)

In comparison to the normative group reported by Allport, Vernon, and Lindzey (1970), the authors found that successful females displayed a considerably lower value score in the social and religious areas and a notably higher political and economic mean scores than the average female profile.

Hodgetts related his findings to that of other researchers, and suggested a parallelness of value profiles for successful executives, regardless of sex: high economic and political scores, average theoretical and aesthetic scores, and low social and religious scores. Further, noted the author, "This research reveals that successful women in organizations tend to have profiles similar not only to men in general but successful men in particular." (p. 377)

Most recently, Cameron (1979) explored the possible differences between the values of male and female managers. Using the Study of Values, he surveyed 131 managers in banking and 132 managers in insurance, all subjects being employed in Nebraska. The survey results are indicated below:

Table 5

Value Profiles Among Male and Female Managers

	Females (n=122)		Males (n=141)	
Values	Mean	Deviation	Mean	Deviation
Theoretical	37.14	5.86	40.84	6.08
Economic	45.13	6.29	47.67	7.92
Aesthetic	40.98	7.43	38.10	8.60
Social	38.40	7.25	35.00	8.53
Political	39.28	6.74	41.35	7.14
Religious	39.05	8.40	37.04	9.04

(Cameron, 1979, p. 101)

The major conclusions which he drew from the study were that male and female managers in banking and insurance (in Nebraska) exhibit very different overall value profiles from that of the general population. In addition, the value profiles of males and females in the group studies are coming closer than has traditionally been the case in prior studies using the Study of Values. This observation adds more importance to the Hodgetts et al. (1978) inquiry on the true nature of the female's value profile. The results of Cameron's research more specifically, indicate that:

1. Female managers had significantly higher political values than the general population.

2. Based on a discriminating function, female managers were shown to be moving toward male profiles at a slightly greater rate than male managers were moving toward female profiles.

3. Although male and female value profiles were closer together in the Nebraska study group than in the general population, the value differences between males and females reported by Allport, Vernon and Lindzey were upheld, except for the religious value.

Another study, by Hodgetts and Cascio (1979), building on the Hodgetts et al. earlier (1978) work, used the Study of Values to obtain the value profiles of a distinct group, the Latin entrepreneur. One hundred nine male and female Latin owners-managers completed the survey, resulting in the following outcomes:

Table 6

Latin Entrepreneurial Values

	Females (n=55)		Males (n=54)	
Values	Mean	Standard Deviation	Mean	Standard Deviation
Theoretical	39.3	11.3	42.4	6.5
Economic	46.6	9.7	53.3	9.0
Aesthetic	41.6	10.0	30.0	9.9
Social	37.9	7.2	36.0	6.2
Political	42.8	9.4	49.4	8.2
Religious	31.8	7.4	28.4	8.2

(Hodgetts, 1978, p. 5)

The subjects of this study were all owners-managers of small (less than 25 employees) manufacturing, retail, or service businesses in Dade County, Florida. Due to the composition of the study group, respondents were offered the option of completing either English or Spanish versions of the Study of Values.

The profiles of the male and female entrepreneurs in this study were similar in terms of direction. Both were highest in economic and political values, similar in nature to the general population norms. Other findings were:

1. Male Latin entrepreneurs displayed the same initial order (economic, political, and theoretical) as reported by earlier studies.

2. Female Latin owners-managers replicated the same rank ordering (economic, political, and aesthetic) reported by Hodgetts et al. (1978) for successful female managers.

3. While overall profiles for the Latin group are comparable to their Anglo counterparts, differences between sexes are

significant.

The purpose of this current research was to extend the earlier researcher of the authors by gathering Study of Value data on Anglos and Blacks. Then comparisons among the three groups would be made.

METHOD

The total sample in this study, including the earlier group of Latin active-managers consisted of 334 entrepreneurs. The breakdown by ethnic origin and sex was:

	Male	Female
Anglo	56	60
Latin	54	54
Black	52	57

All of these individuals were owner-managers of small manufacturing retail or service businesses in Dade County, Florida. A small business was considered to be any for-profit entreprise that had less than 25 employees. All firms were drawn randomly for Florida Businesses and supplemented by sources provided by local business and community leaders. The enterprises in this study had all been in operation from 2 to 30 years.

Procedure. All subjects completed the AVL Study of Values (3rd ed.). The data from all respondents were collected by personal visit to the place of business. In order to be included in the sample the owner-manager had to have been in business for at least two years in the same line of work at the same location. Any person failing to meet these criteria was eliminated from the study.

The purpose of the research was then explained to each individual. If the owner-manager agreed to participate, the researcher explained that the questionnaire could either be completed immediately or left with the individual and picked up several days later. In most cases the owner-manager agreed to complete it at that time. The researcher then explained any part of the Study of Values that was unclear, made sure that the person followed the instructions completely, and totaled the score to ensure that the numbers added up correctly.

In the case of those individuals who indicated a preference for completing the instrument at their leisure, the researcher came by a few days later, picked up the Study of Values, and checked it over for accuracy. In those cases where the instrument was filled out incorrectly, the researcher went through the study with the owner-manager and helped the latter make the necessary changes.

After all of the questionnaires were collected, the data was keypunched and a computer analysis carried out.

Results. The mean and standard deviation of the six subscales of the Study of Values are presented in Table 7. The ranking from first (most important) to sixth (least important) for each of the six subgroups was the following:

Anglo Male	Latin Male	Black Male
Economic	Economic	Economic
Theoretical	Political	Political
Political	Theoretical	Theoretical
Aesthetic	Social	Social
Social	Aesthetic	Religious
Religious	Religious	Aesthetic

Anglo Female	Latin Female	Black Female
Economic	Economic	Social
Aesthetic	Political	Economic
Political	Aesthetic	Religious
Theoretical	Theoretical	Political
Social	Social	Theoretical
Religious	Religious	Aesthetic

Among the male entrepreneurs, the values were similar in that the top three were the same and the bottom three were the same. However, there were differences in terms of the absolute numbers. For example, while the economic value was most important for all of the male entrepreneurs, it was highest for Latins and lowest for Blacks. On the other hand, social and religious values which are most often found to be ranked low by male business people were quite high for Blacks when contrasted with those of the Anglo and Latin entrepreneurs. In fact, in the case of religious, Black males had an average score nine points above that of the next highest male subgroup and in social it was seven points higher.

The female entrepreneurial profile among Anglos and Latins was similar to that reported in other studies of successful women in business (Cameron, 1979). These individuals tend to be highest in economic, political and aesthetic. However, this is not the profile presented by Black female entrepreneur. This woman had a very high value in both social and religious. These ranked first and third on her list. Meanwhile, economic, political and aesthetic ranked second, fourth, and sixth.

Table 7

Study of Values Scores From the Entrepreneurial Groups

	Anglo Male	Latin Male	Black Male	Anglo Female	Latin Female	Black Female
Theoretical	48.2	42.39	39.56	39.38	39.26	37.12
Standard Deviation	5.57	6.46	7.02	5.71	10.27	8.82
Economic	49.77	53.28	45.00	46.33	46.06	43.74
Standard Deviation	7.55	9.03	7.38	7.60	9.35	7.51
Aesthetic	36.61	30.02	35.33	42.68	41.61	35.12
Standard Deviation	8.79	9.94	7.65	8.85	8.52	8.49
Social	32.89	36.04	39.48	35.52	37.89	42.84
Standard Deviation	7.77	6.23	7.76	7.02	7.20	7.90
Political	43.07	49.43	41.35	42.02	42.83	40.11
Standard Deviation	8.46	8.16	6.62	7.87	7.97	8.83
Religious	29.46	28.43	38.73	34.42	31.78	40.26
Standard Deviation	10.49	8.16	9.98	9.76	7.32	8.84
n	56	54	52	60	55	57

Differences were also evident when the ranking of each specific value was made. As broken out from Table 7, this ranking and range by values were as follows:

	Theoretical	Economic	Aesthetic
	White Male	Latin Male	White Female
	Latin Male	White Male	Latin Female
	Black Male	White Female	White Male
	White Female	Latin Female	Black Male
	Latin Female	Black Male	Black Female
	Black Female	Black Female	Latin Male
Range	11 points	10 points	12 points

	Social	Political	Religious
	Black Female	Latin Male	Black Female
	Black Male	White Male	Black Male
	Latin Female	Latin Female	White Female
	Latin Male	White Female	Latin Female
	White Female	Black Male	White Male
	White Male	Black Female	Latin Male
Range	11 points	9 points	11 points

The first four values -- theoretical, economic, aesthetic, and social -- were significant at the .001 level and reveal several things. First, in terms of theoretical values, black entrepreneurs did not give it high importance. On this value Black males had the lowest mean score among males and Black females had the lowest mean score among females. Second, Black males and females had the lowest mean scores in economic. Third, on the social value Black females and males were the highest while White females and males were lowest. Finally, among political and religious, although these scores were not statistically significant, Black males and Black females were lowest in mean political scores and highest in terms of mean religious scores.

DISCUSSION

The profiles of Anglo and Latin entrepreneurs tend to be similar although there are differences between the sexes. More importantly, the findings reveal that in terms of mean scores, the successful Black entrepreneur is quite different from that of other successful entrepreneurs. Economic and political values which are often found to be of greatest importance, ranked lowest when compared to these of the other respondents; and social and religious values, which tend to be lowest, ranked highest when compared to those of the other respondents.

For the moment, it is difficult to say whether this profile is typical of Black entrepreneurs across the country. However, it does point out the need for a national survey to determine how typical these research results are. Secondly, the results raise the question about whether there are indeed major value differences between Blacks and other Americans in the business arena. In the past, research has shown that managers and entrepreneurs tend to have similar value profiles. In fact, some people (Hodgetts, 1978) have suggested that the type of business is a greater factor in value creation than is one's sex or ethnic background. However, this is the first time that research results among Black entrepreneurs using the Study of Values has been reported. If these results are accurate, they indicate a high concern on the part of Black businesspeople for the well-being of others and less of an emphasis on the profit or political motives. Can a small entrepreneur survive with these values? This is a question that needs to be answered via further investigation of the values of Black entrepreneurs and their ability to survive and grow within their local business environments.

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PANEL

"PRIVATE SECTOR PROCUREMENT"

Chairpersons: Philip T. Drotning, Standard Oil of Indiana
Irma Claudio, Chicago Regional Purchasing Council

Panel Members:
Mr. Nelson Carlo, President, Abbott Group Ltd.
Mr. Steve Christie, Executive Director, Chicago Regional Purchasing Council
Mr. Richard Durkin, Regional Director, Small Business Administration
Mr. Luís González, Minority Business Coordinator, International Paper Co.
Mr. John Kane, President, Chemical and Agricultural Products Division, Abbott Laboratories
Dr. Irwin Peters, DePaul University, Chicago
Mr. Angelo Velásquez, President, A & R Janitorial Services

SUMMARY

The focus of this discussion was those Hispanic firms in the U.S. with capabilities of selling a product or service to major manufacturers and businesses in the producer market. While the majority of Hispanic firms are concentrated in consumer oriented trades, a growing number of these businesses are entering manufacturing, services and construction trades. Discussants pointed out several problems that limit the sales by Hispanic firms to major corporations and buying organizations:

1. Nature of Hispanic firms: the majority are still concentrated in retail and thus lack the capabilities of meeting the requirements of the larger buying organization.

2. Perceptions held by buyers at major corporations: Hispanic firms, as in the case of other minority owned businesses, are perceived as very small and lacking in expertise. Buyers are not familiar with those larger, medium size Hispanic firms equipped to supply them.

3. Lack of a well orchestrated strategy for Hispanic business development that would establish--short and long range--an effective blueprint to guide Hispanic entrepreneurs into businesses that can supply the major producer and business markets of this nation.

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Several suggestions and recommendations were made to help address the aforementioned problems:

1. Need to involve more buying organizations in the minority purchasing network. It was felt that a major portion of the minority purchasing activity is being done by a few major corporations. Efforts being made by the National Minority Supplier Development Council need to be expanded to bring in more Hispanic firms into the system and to make major corporations aware of the capabilities of the Hispanic firm.

2. Need for Hispanic firms to formulate marketing strategies that would allow them to integrate backwards into the producer and business markets, i.e., from retail into manufacturing.

3. Need for major corporations to strengthen minority purchasing programs. To achieve this, it was recommended that these companies adopt personnel evaluation procedures that tie performance to minority purchasing activity. Companies can also create incentives to stimulate buyers to increase purchases from minority firms.

   Major corporations should implement stronger supplier development programs to assist Hispanic owned and other minority companies develop the technical, managerial and financial expertise needed to perform successfully in the marketplace.

4. Hispanic business owners should develop effective networks that can assist in the exchange of information, leads and referrals. Hispanic business owners should work through the media and other channels to develop positive and improved public perceptions of the viability and strengths of their businesses.

5. Hispanics should utilize the strength of the rapidly growing Hispanic market--of the growing purchasing power of Hispanics--as an incentive to stimulate added receptiveness among major corporations of the Hispanic produced goods and services.

Attendance:

Closed session limited to the ten participants, who represented Hispanic businesses (2), non-Hispanic businesses (3), academicians (1), government (1), business assistance groups (2), and Hispanic business executives (1).

Comments:

The overall discussion was healthy. The group had much difficulty focusing on the specific problems and conditions of Hispanic firms as opposed to those of other minority firms. While I see many commonalities among all minority businesses, the problems faced by Hispanic firms in the U.S. are unique. These firms are at a crucial stage of development that calls for separate and comprehensive treatment and attention.

It was important to hold a session dealing with private sector procurement. Many more sessions and discussions of this nature are needed to fully analyze the situation of Hispanics as suppliers to major business markets. To a large extent, the continued growth of the Hispanic business enterprise in this nation rests on the ability of the Hispanic entrepreneur to move from the heavily saturated consumer trades into the major producer markets.

(Prepared by Irma Claudio)

PANEL

"VENTURE CAPITAL: ALTERNATIVES FOR THE 80's"

Chairperson: Lewis F. Mastuszewich,[1] Matuszewich & Associates, Chicago, IL

Panel Members:

- Mr. Robert Comey, Tower Ventures, Inc., Chicago, IL
- Dr. Tirso del Junco, Chairman of the Board, Los Angeles National Bank, Los Angeles, CA
- Mr. Richard Durkin, Regional Administrator, Small Business Administration, Chicago, IL
- Mr. Roscoe Mitchell, Chairman of the Board, Chicago Community Ventures, Inc., Chicago, IL

SUMMARY

The panel addressed the issue of the resources available to provide investment capital for new businesses or business development in the coming years. As part of the presentation both Roscoe Mitchell as Chairman of CCVI and Robert Comey of Tower Ventures, Inc., presented the criteria that their Minority Enterprise Small Business Investment Companies used in determining whether or not to invest in business. They further discussed the types of financial arrangements that might be made between their companies as equity investors and the operating company.

Dr. del Junco raised the question whether or not a business developer who went out to the community and raised money from private investors was not more apt to succeed by getting the commitment of these investors to support the company.

Both Mr. Mitchell and Mr. Comey suggested that the best form of equity investment from any source is the purchase of stock in the company. This did not encumber the new business with debt service requirements and strengthened the financial statements for the company when other financing was required. However, they both indicated that the majority of the businessmen who come to them for financing were psychologically unable to accept the idea of having outside investors. Therefore, the businessmen wanted a loan not an investor. Due to this psychological problem, the businessmen were often depriving themselves of the greatest financial help available.

All the panelists agreed that the small business investment companies could benefit from greater referrals to them by banks and other lenders. In addition, they felt a closer working relationship between the SBIC's and the local SBA office would be to everyone's benefit.

It is estimated that 36 people were in attendance at the roundtable.

(Prepared by Lewis F. Matuscewich)

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PANEL

"SMALL BUSINESS ADMINISTRATION ACTIVITY: CHICAGO BANKS"

Chairperson: Lewis F. Matuszewich, Matuszewich & Associates, Chicago, IL

Panel Members:

Mr. Richard Durkin, Regional Administrator, Small Business Administration, Chicago, IL
Mr. Craig S. Moore, Pioneer Bank & Trust Company, Chicago, IL
Mr. Robert Oseland, Commercial Credit Services Corp., Oak Brook, IL
Mr. Jorge Lamport Rodil, Banco Interamericano de Desarrollo, Washington, D.C.
Mr. Oscar Williams, Drexel National Bank, Chicago, IL
Mr. Charles Wisniewski, American National Bank, South Chicago Heights, IL

SUMMARY

The prime issue discussed was the inadequacy of the capital base found within the Hispanic business community to provide internally generated financing for business development. The discussion centered on the availability of the Small Business Administration guaranteed loan program to make up for this financing gap.

Those participating in the program were lenders with extensive experience in dealing with the Small Business Administration. The SBA Regional Administrator for the six states in the Midwest also participated.

The general conclusion was that the Small Business Administration guaranteed loan program can provide a source of financing for business development and growth in all communities including the Hispanic community. The Hispanic business community could benefit from a broader participation in SBA lending activity by banks whose trade territory includes the Hispanic-American population.

The panel identified specific problems which interfered with greater bank participation SBA loan program. The following is a list of the problems identified by the participants in the panel:

1. SBA suffers from substantial image problems in dealing with lenders. The perceptions or images may be incorrect but do seem to be widespread and persistent. The identified negative images include the following:

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a) Inconsistency of credit standard application in that substantially different criteria and requirements will be applied at different times by SBA.

b) Inconsistency of credit standards with wide variance of judgments depending on which loan officer at SBA receives the application.

c) Lenders still identify SBA with substantial paper work requirements both in the processing and closing of the loans.

d) The inflexibility of SBA in the requirements imposed in the servicing of existing loans.

2. The perception problems concerning consistency are aggravated by the conflict between the requirements imposed by the district office and that indicated in the written material from SBA. For example, the SBA Form Four, the basic application form, requires the applicant to provide only one other SBA form. The SBA form 4-I prepared by the participating bank does not specify the need to provide any other SBA form. Yet the SBA Chicago office requires a Request for counseling form, a specific cash flow analysis form, a check list signed by the participating bank and several other forms. In addition, loan applications may be returned if financial statements are not signed by applicants, if copies of purchase agreements or leases are not provided and other items that are not referred to in the loan application forms at all. It was strongly urged by the panelists that SBA attempt to develop a consistency between its own printed material and the processing guidelines followed by the reviewing SBA loan officer.

3. An additional image problem revolves around the image of the type of business or prospective businessmen who request an SBA loan. the image among many lenders is that any business owner who mentions SBA must be a poor risk, have inadequate business experience and not be willing or able to meet the normal credit criteria used by a conventional lender. This image could be assisted or corrected by SBA if SBA clearly defined its credit criteria to lenders. In addition, SBA should publicize with the banking community more of SBA's success stories where established profitable businesses were able to grow through the use of SBA's programs.

In conclusion, the panelists felt SBA was a useable program but needed to work on the mechanics and the consistent application of these mechanics to encourage greater lender participation. The inconsistency of application of requirements in forms and the credit criteria were the most frequently mentioned problems in dealing with SBA. All lenders present indicated that their greatest problem within the bank was convincing others in the bank that SBA was worth the time involved - with much of the time referred to being the time to determine SBA's current posture on lending.

This was a closed panel, no one besides the panelists was in attendance.

(Prepared by Lewis F. Matuszewich)

PANEL

"ENTITLEMENT PROGRAMS VS. SELF SUFFICIENCY"

Chairperson: Mr. Lee Rodríguez[1], Vice President, Continental Illinois National Bank, Chicago

Panel Members:
Mr. Nelson Carlo, President, Abbott Group, Inc., Chicago
Mr. Fidel Lopez, Manager of Area Development, Continental Illinois National Bank, Chicago
Mr. Richard Turner, Sr. Vice President, South Shore Bank of Chicago

SUMMARY

I. Characteristics

A. Hispanic Businesses

In general the Hispanic business is oriented toward survival, is small in size and scope, and in many cases (although subject to great controversy) dependent on government contracts.

B. Government Programs

Typically, the government programs are not accessible to Hispanics, primarily due to the lack of Hispanic representation among the decision makers in the government bureaucracy. The 8-A type of program is not properly administrated, and, in those cases where the program can be used, its restrictions are such that it is impossible for the business to graduate from the set-aside situation into the mainstream of the competitive environment. Additionally, the set-aside and/or other governmental assistance programs have a tendency to fictitiously prop up the financial condition of the business enterprise, thus leading to a situation which is designed to fail.

C. Technical Assistance Programs

The most distinctive feature of the technical assistance programs presently sponsored by the government is the make-up of their staff, namely, retired executive volunteers; this group is known in general for having little or no initiative and there is no incentive to the work that they are performing. In addition, their ability to train is, at best, of low quality and, in most cases, their competence as executives in the business world did not reach the point where it could make a meaningful contribution to the small, learning business person.

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All this leads to the general effect of "the blind leading the blind".

II. Hispanic Needs

In general, the major needs for a Hispanic business can be summarized as follows:

(a) Working Capital

(b) Technical Assistance

(c) Education

1. Marketing
2. Production
3. Finance
4. Management

The general category of education is obviously the most critical, due to the large expense that anyone (government, private sector sponsor, etc.) will incur in undertaking such a task.

III. Sources of Capital

Generally speaking, the sources of capital available to small business, and particularly to Hispanics, can be summarized as follows:

(a) Government Loans

(b) Government Guaranteed Loans

(c) Supplier Lines of Credit

(d) Equity Investors (which is the group not yet tapped, and which may very well become the key to survival in the future.)

IV. The Effect of Government Programs on Hispanic Businesses

As indicated in I(B) above, since most Hispanic businesses do not have access to government programs, the net effect amounts to less than 5%, whether measured by volume of business, number of contracts, or simply counting the number of opportunities; actually, the total dollar volume of loans obtained by Hispanics under specific government programs amounts to less than 10% of all such loan dollars. Additionally, the number of contracts that Hispanic businesses have been able to acquire compared to the number of contracts available under government programs in general, is barely noticeable.

V. Proposals

The above discussion led to the following general proposals:

(a) To change the structure of government guarantees by making them available to suppliers rather than (or in addition to) banks.

(b) To create a self-funding body by attracting professionals with the wherewithall to invest.

(c) To create or purchase consulting services of top quality and,

(d) To actively enter the political arena and to participate in the political process (this activity would greatly help implement proposal (a)).

THE INTEGRATIVE ROLE OF ENTREPRENEURS IN THE DEVELOPMENT OF THE U.S. HISPANIC COMMUNITY

Earl Young[1]
DePaul University

The integrative role of entrepreneurs as a factor in Hispanic economic and community development in the United States is examined. A paradigm is developed to classify entrepreneurs according to their level of integration. Entrepreneurs classified as "traditionals" orient development of their firms to the Hispanic community. "Traditionals" orient to both the Hispanic community and the U.S. economy in the operation of their firms, while "integrators" orient to the U.S. economy. Implications of these patterns are examined as they relate to Hispanic community development, especially the current tendency for entrepreneurs to remain oriented to the Hispanic community. A second paradigm is developed relating the entrepreneurial process, development administration, and Hispanic community development. Suggestions for policy oriented research are made.

The recurrent pattern of a high rate of new business formation associated with some emigrant groups in new economic, cultural and social settings has often been the focus of research in economic development studies. Understanding the factors that influence this entrepreneurial activity can be useful in developing strategies to foster the economic development of the U.S. Hispanic community by influencing the rate, level, and scope of new business formation by Hispanic entrepreneurs. Accordingly, the objectives of this paper are as follows:

- to develop a framework for analyzing U.S. Hispanic entrepreneurial activity;
- to demonstrate the use of this framework in analyzing Hispanic entrepreneurial development in the United States;
- to identify some needed research on the role of the entrepreneur in developing the U.S. Hispanic community.

The premises underlying this analysis include the following:

- Entrepreneurial activity by an emigrant group will tend to replicate home country patterns, and these may or may not be in line with growth trends in the new economic setting.

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- More specifically, current Hispanic entrepreneurial patterns are more geared to serving the Hispanic community than integrating with the mainstream activities of the U.S. economy.

- Significant improvements can be made in the rate, scope and level of Hispanic entrepreneurial activity in the United States.

- Development strategies are required to accelerate and direct these improvements in entrepreneurial activity toward development objectives of the U.S. Hispanic community.

- It is important to direct development efforts toward those types of entrepreneurial activity which are important to Hispanic economic development and which are less likely to occur without assistance.

- It is more important to establish (or increase) entrepreneurial activity in key growth sectors of the U.S. economy than simply to increase entrepreneurship per se.

- In general, entrepreneurial development is an important means of achieving both economic and non-economic aspirations of the U.S. Hispanic community.

- In particular, entrepreneurs serve as highly visible role models in an emigrant culture, and their success is critical to rapid diffusion of success patterns.

A FRAMEWORK FOR THE ANALYSIS OF U.S. HISPANIC ENTREPRENEURIAL ACTIVITY

It is useful to view new business formation by emigrant entrepreneurs as a process requiring relative degrees of integration in the new country as shown in Figure I. The matrix shown is described in general terms to emphasize that this is a recurrent pattern and that information and insights may be generated from a systematic analysis of other emigration patterns, as well as of differences within the Hispanic community itself.

Consequently, the terms "home" country signifying the country of origin, and "new" country signifying the chosen country of the emigrant groups, are used.

Four types of business are identified in this simple matrix, and it is readily conceded that more complex paradigms emphasizing a continuum of development may be more appropriate in future studies. The primary goal at this point is to call attention to the relative degree of integration of emigrant business units within the new economy as a key variable. While this classification scheme can be used in a purely descriptive manner, it is a basic premise of this analysis that more rapid and fundamental development of the U.S. Hispanic community will occur to the extent that new Hispanic businesses are integrated in the

FIGURE I

A PARADIGM OF NEW BUSINESS FORMATION
BY EMIGRANT ENTREPRENEURS IN A NEW COUNTRY

		MARKET / ENVIRONMENT	
		HOME COUNTRY	NEW COUNTRY
PRODUCT/BUSINESS	HOME COUNTRY	TRADITIONALS	ACTIVE TRANSITIONALS (HOME→NEW)
	NEW COUNTRY	REACTIVE TRANSITIONALS (NEW→HOME)	INTEGRATORS

mainstream U.S. economy. The four general types of business indicated in Figure I are described below.

Traditionals

These businesses are formed primarily to serve the emigrant group, and the organization and operation of the business units is the same or very similar to those found in the home culture. Little or no adjustment is required by the entrepreneur to make this firm operational in the new economy, he simply uses the management style and techniques to which he is accustomed in his home economy. For example, the entire set of stores, restaurants, and services geared to the consumer level are illustrative. While these businesses are the easiest to organize, finance and start up, they also are subject to competitive pressures in the host economy from already well established businesses. Since barriers to entry are low, there is also a high rate of competition among emigrant entrepreneurs themselves, in spite of a high mortality rate for these new firms.

Theoretically, any type of business serving the emigrant group as its primary market would be classified as traditional, but the likelihood of most manufacturing businesses being so oriented is small. Consequently, traditional businesses are limited to serving a market which gains its primary wealth through employment in the businesses of the main economy. Moreover, by focusing on the emigrant market, owners are not forced to develop new skills in managing or marketing. In one sense, this has the positive benefit of preserving cultural traditions, but it also limits the rate of integration of the emigrant group within the mainstream economy.

Reactive Transitionals

These businesses are also designed to serve the emigrant group within the new economic setting. However, the primary impetus comes from the need or desire to adopt products or services of the new economy to meet the requirements of the emigrant group. The key skills required are the ability to identify a product or service that can be adopted, modified, or presented in a different manner, along with the knowledge of the home market that enables the entrepreneur to make this adaptation. Businesses in this group also include those requiring changes on the part of the customer who may have to be sensitized, trained or otherwise made aware of the laws, customs, values and expectations of the new economy. Examples include all types of services that can be modified to accommodate to the emigrant group such as insurance firms, law firms, accounting firms, real estate brokers, and employment agencies.

These businesses represent an increased degree of integration within the new economic setting, but they are referred to as "reactive" since the impetus for change results from adjusting (reacting) to a product or service outside the emigrant group. As such, the need for this type of business can also be filled by already established firms in the main economy which see the potential for serving the emigrant group. They may even use its language and culture, design specialized products or services, and employ local personnel to accommodate to the emigrant group. This competition limits the range of emigrant entrepreneurial activity.

These businesses are important to the emigrant group, since they provide an opportunity to learn about and adopt to the mainstream economy and at the same time maintain the home country cultural base.

Active Transitionals

In these businesses, customers and clients in the host economy are an increasingly important factor. However, management styles, products and operating methods still have their roots in the home culture. Attitudinal and behavioral adjustments are required by the entrepreneur to identify new market needs and to make a successful transition to operating in the host economy.

In contrast to the task confronting reactive transitionals where opportunities are more clearly signaled as requirements or as existing trends in the mainstream economy, active transitionals face a more difficult task. They must identify heretofore unknown opportunities by means of an active search process which may culminate in a new type of enterprise. This is difficult to do when the home country is less economically advanced than the new economic setting. In such cases the opportunities are limited to such activities as ethnic restaurants and shops serving the main economy. Still, these businesses represent a significant outlet for certain types of entrepreneurial activity.

Integrators

Business units are primarily geared to the mainstream activities of the new economy, and are usually based on existing products or services found in the new setting. While new products and services (that is, new to the host economy) can certainly be included in this group, the main emphasis in this typology is an integration into the mainstream economy and this can be accomplished by working in established business fields. Those few businesses which are true innovations should be identified, but included as a subset until such time that interest in innovations *per se* is the focus of interest. The underlying premise in this approach follows Schumpeter's (1934) notion that the business itself is the innovation and it need not be based on a new product or service. In terms of the U.S. Hispanic community, the potential opportunities for entrepreneurs in existing lines of business, far outweigh those truly innovative products or services that are new to the U.S. economy itself. In any case, such bussinesses need not be excluded; they simply are not as amenable to development strategies as those based on entry into existing fields.

Integrative businesses require the most extensive adjustments on the part of the entrepreneurs, including changes in attitudes, behavior and the acquisition of new skills to operate successfully in the host economy. As a consequence of these adjustments, as well as in many cases the higher financial costs, the barriers to entry are the highest of all the types of business discussed in this typology. However, in spite of these hurdles, it is especially important to develop integrators since they provide the greatest opportunities for economic development for the entrepreneur and probably the Hispanic community. Whether the benefits of economic development occur to the Hispanic community depends on whether the business provides employment to Hispanics, serves Hispanic markets, uses Hispanic financing or otherwise operates within the Hispanic community. In a general sense integration causes a development dilemma; that is the greater the extent of integration, the greater the identification with the mainstream economy, and the greater the economic opportunity, but the lesser the need (to the firm) to remain closely identified with the emigrant group. Yet it is precisely this type of business development that stands the best chance of improving the emigrant group's economic situation.

ANALYZING HISPANIC ENTREPRENEURIAL DEVELOPMENT PATTERNS IN THE UNITED STATES

It is certainly possible to do a considerable amount of interesting and useful statistical analysis of U.S. Hispanic entrepreneurial development without the foregoing paradigm. However, one of the fundamental challenges of economic development is the need to establish the conditions which release an individual's productive energies in such a manner that they benefit his community. In this case, the individual of interest is the Hispanic entrepreneur and his current and potential contribution to the economic development of the Hispanic community while preserving - even strengthening cultural ties and traditions. The paradigm focuses analytic efforts on these concerns by linking the entrepreneur's role in his cultural group to his integrative function in the new economy. These relationships need not necessarily concern the entrepreneur personally, but they should be of interest to those development economists, administrators and community leaders concerned with Hispanic development in the United States. This perspective leads to several questions based on Figure I, including the following:

- Are Hispanic entrepreneurs establishing businesses linked to the mainstream developments of the U.S. economy?

- What proportion of U.S. Hispanic firms are in each cell in Figure I; that is, how many are traditionals? Transitionals? Integrators?

- How successful are the different types of U.S. Hispanic firms?

- How is this success related to the entrepreneur, the type of business, the place in the Hispanic community, or the U.S. economy?

- What are the major growth paths of Hispanic business? Do they evolve from traditionals to transitionals to integrators?

- What are the barriers to entry for each type of entrepreneur shown in Figure I?

- What are the prerequisites for success for each of these types of entrepreneurs?

- What are the key behavioral and attitudinal dimensions of the profile of Hispanic entrepreneurs in each category in Figure I?

- How well do these profiles match the entry requirements for each of these categories of firms?

- What is the impact of each type of firm on such factors as the following:

  . Hispanic employment?
  . Hispanic markets?
  . Hispanic managerial and entrepreneurial development?
  . Hispanic community development?
  . Integration in the U.S. economy?

- How do major concentrations of Hispanics in the United States differ with respect to their level of integration with the U.S. economy?

- How do Hispanic businesses play a role in this integration?

- What type of assistance and information are required by each type of entrepreneur and each type of entrepreneurial activity?

- How can development of different types of new business formation be more directly related to Hispanic development efforts?

These questions should be of interest if for no other reason than the scope and rate of development of Hispanic entrepreneurial activity in the United States. For example, in 1972, according to a U.S. Department of Commerce Survey (1980), there were 120,108 Hispanic businesses grossing a total of $5,306,193,000. By 1977 the total number of businesses had grown to 219,355 grossing a total of $10,416,986,000. This represents an increase of almost 83% in a five year period indicating that Hispanic entrepreneurs are taking advantage of opportunities they have found in the United States.

However, further analysis of the type of Hispanic entrepreneurial in the United States indicates that it is probably more closely linked to the Hispanic community through traditional businesses than to the mainstream U.S. economy. For example, retail trade can be considered representative of traditional businesses in the Hispanic community. (While this appears to be a reasonable assumption no known aggregate figures are available indicating integration with non-Hispanic markets.) In 1977 in Chicago, according to a U.S. Department of Commerce survey (1980) of Hispanic business, 853 out of 2,117 or 40.3% of the total number of firms were in the retail trade and had gross revenues of $53,921,000 out of total revenues of $105,711,000 or 51.0%. In comparison there were 39 (1.8%) manufacturing firms. These can be classified tentatively as integrators, with the caveat in mind that these firms may serve the Hispanic market to varying degrees. If so, this would further reduce the extent of integration with the non-Hispanic sectors of the U.S. economy.

Beyond statements at this general level, neither the currently available data nor the studies on Hispanic development in the United States provide satisfactory answers to the questions stated at the outset of this section. However, they will need to be answered if we are to devise ways to release and harness entrepreneurial efforts to achieve the objectives of the U.S. Hispanic community. More specifically, these and similar questions underscore the need to understand the integrative role of entrepreneurs in the development of the Hispanic community in the United States.

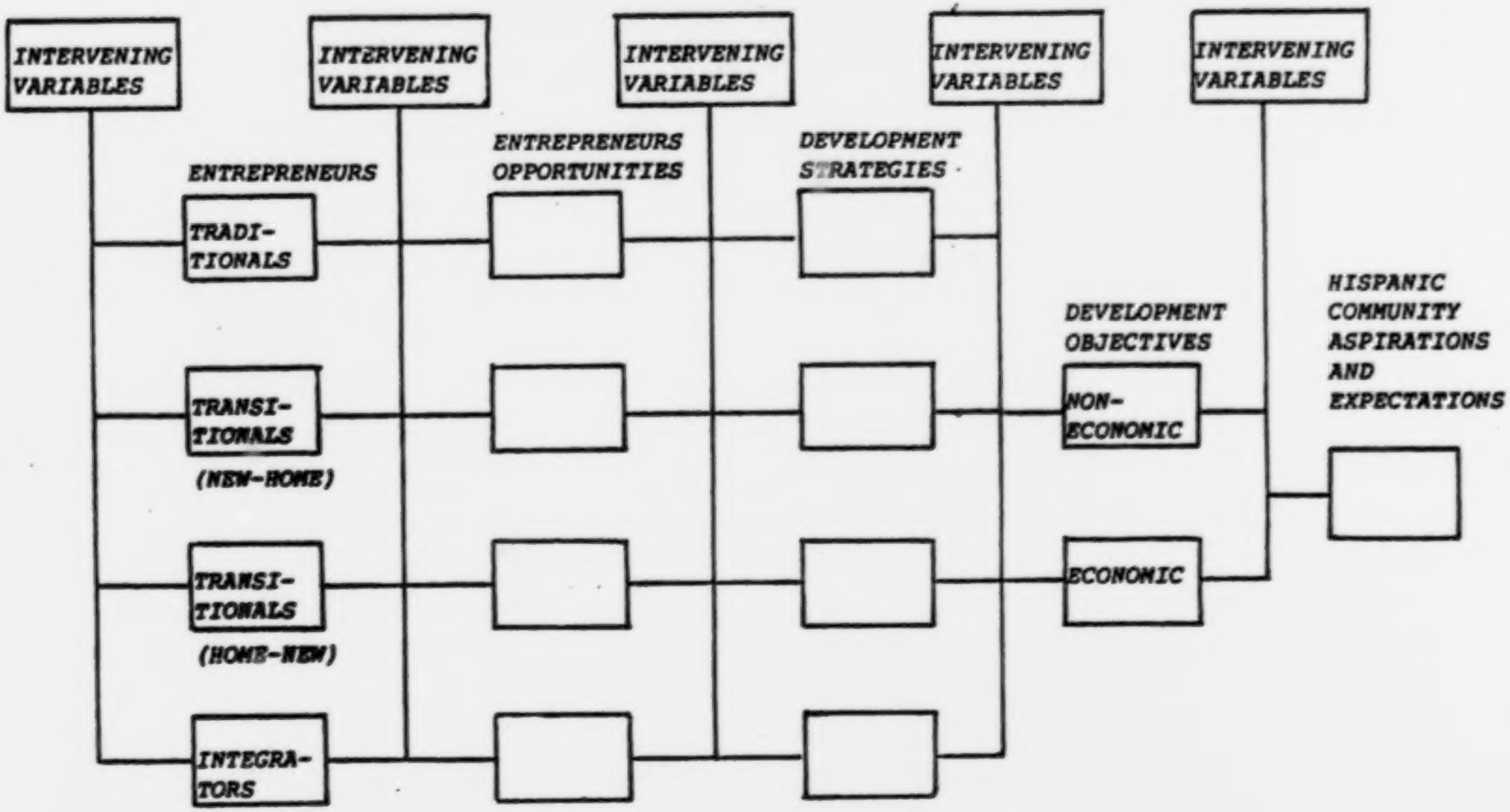
It is useful to construct a common frame of reference as a basis for organizing both research questions and policy development strategies. One such analytic framework is shown in Figure II which identifies the four entrepreneurial types in relation to development of the Hispanic community. It is important to note that such a conceptualization might imply a sequential process, but this is not realistic. One of the key characteristics of entrepreneurial activity is that it is initiated by an individual or group responding to perceived opportunities in the market place and not the "carrots and sticks" of planners and administrators. However, this is not to say that planners and administrators and others who influence the development process cannot have a major impact on the rate, scope, and direction of entrepreneurial activity.

Accordingly, Figure II simply calls attention to three on-going interrelated, but conceptually distinct, developmental processes: Hispanic community development, entrepreneurial development, and development administration - both public and private. This activity linking these processes is the realization of an entrepreneurial activity, or more simply, the formation of a new business venture. In all cases the interplay of these developmental processes will result in some pattern of entrepreneurial activity; whether that pattern will incorporate a level of integration with the U.S. economy which will reinforce the development aspirations and expectations of the U.S. Hispanic community is another matter. Consequently, the fundamental issue is whether desired changes in the rate, scope and direction of new Hispanic business formation. (This is quite apart from the even more basic issue as to whether such processes, even if understood, should be subject to planning and control.)

The expectations and aspirations of the Hispanic community as noted in Figure II are seen as a starting point and guide to policy formulation, but not as the driving force behind the entrepreneur. They can serve to foster entrepreneurial development by drawing on a rich and diverse tradition of entrepreneurial activity in Hispanic countries. However, the Hispanic communities in the United States present a much more complex challenge than simply reinforcing traditionally accepted values of entrepreneurship; that is, U.S. Hispanics not only must undergo the difficulties of emigration to establish homes in a new land, they must also learn new ways; identify and adapt to new opportunities; articulate common expectations and aspirations; translate

FIGURE II

RELATIONSHIPS BETWEEN ENTREPRENEURIAL TYPES AND DEVELOPMENT OF THE HISPANIC COMMUNITY


INTERVENING VARIABLES
INTERVENING VARIABLES
INTERVENING VARIABLES
INTERVENING VARIABLES
INTERVENING VARIABLES
ENTREPRENEURS
ENTREPRENEURS OPPORTUNITIES
DEVELOPMENT STRATEGIES
TRADI-TIONALS
TRANSI-TIONALS (NEW-HOME)
TRANSI-TIONALS (HOME-NEW)
INTEGRA-TORS
DEVELOPMENT OBJECTIVES
NON-ECONOMIC
ECONOMIC
HISPANIC COMMUNITY ASPIRATIONS AND EXPECTATIONS

these into attainable objectives; and, finally, find effective ways to achieve them. In essence U.S. Hispanics are undergoing a complex process of community development, while at the same time finding out how to integrate effectively into the U.S. economy.

Under such circumstances, it is easy to forget the potential role of the entrepreneur as attention is focused on such matters as schools, housing and jobs. Besides, isn't entrepreneurial development supposed to be an individual responsibility? Isn't it enough that we recognize and accept their contribution? Such arguments are easily made but they miss the main point: Hispanic entrepreneurs are still primarily oriented to the Hispanic community; only a very small (although growing) number integrate with the mainstream of the U.S. economy; and community efforts are necessary to attempt to increase the rate and direction of this integration in a manner that benefits the Hispanic community. Proceeding on this assumption, the first task is to identify just what is it that the Hispanic community expects to obtain from new business formation and translate these expectations into a set of development objectives. For example, U.S. Hispanic communities will differ significantly in terms of their expectations for entrepreneurial activity, that is, between rural and urban settings; the Southwest and the Northeast; newer and older communities; the differences in level of education; the relative size of the local Hispanic and non-Hispanic population and so forth. The process of translating expectations and aspirations into development objectives is also modified by diverse intervening variables. Attention needs to be directed to such factors as existing community and economic development agencies and organizations (both public and private); available funding; the strength, depth, and composition of local Hispanic political and civic leadership; the recognition of the role and function of entrepreneurial activity in Hispanic development; and the current level of such activity in the local community.

Development objectives, as noted in Figure II, are classified as non-economic and economic. The former includes such objectives as providing role models; gaining greater control over community development through local ownership of firms; and maintaining Hispanic cultural traditions, while at the same time achieving integration with the U.S. economy. Economic objectives include such factors as obtaining more and higher skilled jobs for Hispanics; developing locally owned industry; and gaining access to U.S. markets, financing and technology.

Development strategies, or action plans as shown in Figure II, are subdivided into four categories corresponding to the four types of entrepreneurship discussed at the outset. In general, the key factor in designing development strategies to foster entrepreneurial development rests on first identifying existing (or creating new) opportunities for business formation which will enhance Hispanic development (both economic and non-economic) in the United States. Once such opportunities are identified, it remains to make these known to current and potential entrepreneurs within the Hispanic communities. The task of matching entrepreneurial profiles with the prerequisites for successful conversion of a business opportunity into an on-going enterprise is the critical problem.

Again, intervening variables constrain the design and implementation of development strategies; the identification and generation of entrepreneurial opportunities; and the growth and dvelopment of entrepreneurs themselves. For example, the design development strategies relating to entrepreneurial opportunities and entrepreneurs depends on such factors as the relative emphasis on industrial versus consumer market development; manufacturing versus retail sales; and establishing an acquriing business with mature products versus initiating riskier but potentially higher payoff ventures in new fields. Intervening variables relating to entrepreneurial opportunities include such factors as sponsorship and financing of opportunities; location, marketing and production requirements, critical managerial skills and experience prerequisites. Intervening variables relating to entrepreneurs themselves refer to such factors as the country of birth, family entrepreneurial activity, education, experience and entrepreneurial style.

Since development resources are limited, the key task is to identify the set of intervening variables which can be incorporated in development strategies linking entrepreneurial development to the realization of a broader set of development objectives, which, in turn, are based on Hispanic community aspirations. Once these intervening variables are known as well as the extent to which they are controllable, it is then possible to proceed to the formulation of development policies and strategies. Such an approach might be referred to as "research-based policy formulation." In the next section some suggestions are made for just such needed research and analysis.

RESEARCH AND ANALYSIS ON THE INTEGRATIVE ROLE OF THE ENTREPRENEUR IN DEVELOPING THE U.S. HISPANIC COMMUNITY

The entrepreneur is viewed throughout the economic development literature as a pivotal figure. An enormous literature has been developed and entrepreneurs have been investigated in an incredibly wide variety of economic and cultural settings. As Albert Shapero observes, "standing back from the profusion of literatures and references it becomes apparent that 'entrepreneurship' is a label for a profound and pervasive human activity of interest to very many disciplines, but not possibly encompassed by any one of them" (Shapero, 1980). If we are to make this literature relevant to Hispanic experiences in the United States, it is necessary to identify the most pressing gaps in our knowledge.

To begin, several questions were raised at the beginning of the preceding section which provide one approach. Their main limitation is that they were designed to explore the implications of Figure I. In addition, we require the more fundamental points of analysis and research which will give us the basis to foster and encourage Hispanic entrepreneurial activity and harness it to development needs. Subjects of this type follow with brief comments on each.

1) Identification of the social, cultural and economic determinants which lead to, or are strongly correlated with, a high incidence of entrepreneurial activity. For example, Albert Shapero notes, we find that the small and remote island of Oinusa in Greece which once had 5,000 inhabitants and now has 400 is the source of half a dozen "great shipping clans, numbering about 30 millionaire shipping families who control one-fourth of the Greek merchant fleet, the largest in the world" (Ibid., 1980). Similarly, the experiences of the Antioquenos in Medellin, Colombia, the Regiomontanos in Monterrey, Mexico, and the Mendocinos in Argentina are even more to the point with respect to Hispanic experience. We need to understand these processes leading to a high level of entrepreneurial activity at a general level in order to determine key recurrent variables; at a more restricted level focusing on Hispanic countries to determine the situation - specific intervening variables which modify these generic variables; and lastly, at the highly specific level of U.S. Hispanic enterpreneurial experience to understand the cultural interface entrepreneurs encounter in the United States. In this last case, it is also necessary to compare regions and cities within the United States with different rates of entrepreneurial activity, as well as to compare the cultural backgrounds of the entrepreneurs themselves.

2) Identification of the traits of successful Hispanic entrepreneurs in the United States. While mentioned in the list of questions on the preceding section, this topic deserves amplification. The literature on entrepreneurship is wide and varied, but it has not led to a universally recognized set of entrepreneurial traits. There appears to be a complex set of intervening variables in every case that modify any attempted generalizations. With respect to Hispanic entrepreneurs we have surprisingly little systematic knowledge about how they have become successful in the United States.

3) Life cycle analysis of Hispanic entrepreneurial development. Different types of entrepreneurs encounter different problems in their careers. If we attempt to define the stages in an entrepreneur's career we might come up with some variation on the following:

Idea generation - What kinds of business should I consider?

Selection of business - Which one of these should I choose?

Planning and organization - How should I go about starting up this business?

Acquiring resources - Where will I get the resources to start up?

Start up - How do I get started; that is, open up for business?

Growth - How do I grow and expand?

The research task then becomes one of identifying the problems encountered in each of these stages for different types of entrepreneurs. Thus, gaining acceptance and credibility may be the most difficult problem for a new supplier in industrial markets during start up, while the stages prior to start up are comparatively problem free.

In contrast, a new manufacturer may encounter the greatest number of difficulties in attempting to acquire resources. What is required is more specific information on the problems at each stage by type of entrepreneur as they relate to different types of business.

4) Assessment of the impact of entrepreneurial activity at different levels of integration on the Hispanic community. While entrepreneurship per se is presumably a "good thing," the more relevant question in this analysis has been the impact on Hispanic community development. So far, this subject has not been dealt with comprehensively. For example, just what does the Hispanic community get out of having a high rate of integrated entrepreneurial activity? Attention needs to be given to such factors as the following:

- What happens to the cohesion, identity and maintenance of Hispanic cultural tradition as Hispanic businesses become more integrated with the U.S. economy?

- How much better off economically is the community as a result of more integrated Hispanic businesses; that is, how does it help with respect to jobs, businesses in the neighborhood, and the skill mix of jobs?

- How much effort and how many resources would be drawn from other development objectives of the community, or is entrepreneurial development a non-competing, low cost development strategy?

- What impact will entrepreneurial development have on such intangible factors in the community as development of role models, pride of accomplishment, status and recognition in the U.S. business community?

5) Exploration of the paths for integration of Hispanic firms in the U.S. economy. The typology in Figure I offers four simple categories of entrepreneurial activity at different levels of integration. However, it does not identify growth paths among the categories, especially those leading to higher levels of integration. This information is necessary in order both for businessmen seeking greater penetration into, and integration with, the U.S. economy, and by developers and administrators seeking ways to accelerate and facilitate this integration. Also it is necessary to identify the barriers to higher levels of integration. Lastly, the dimensions of integration themselves need to be defined in more detail.

6) Identification of opportunities for growth and development of Hispanic businesses. Sectoral differences among types of business, as well as regional differences within the United States, vary widely with respect to the opportunities they offer for new business formation. Secondly, they vary widely in terms of their prerequisites for entry, survival and on-going development. Thirdly, only a subset of these potential opportunities may be well suited to Hispanic entrepreneurs due to their preferences, abilities, and resources. In this regard, Hispanic entrepreneurs should be made aware of those businesses in which it is likely that they could achieve success based on their strengths and talents.

7) Analysis of U.S. Hispanic entrepreneurial activity as a component of the development process. One of the weaknesses of much of the entrepreneurial literature is the implicit assumption that entrepreneurial events will take place without intervention; that they need not (or should not) be influenced or directed; and that it is simply a matter of allowing the entrepreneur the freedom "to do his thing." However, it is increasingly evident that entrepreneurship is not simply the case of a relatively rare, independent-minded, risk-taker forming a new business, but the combination of an individual (or group) interacting with his (their) environment, which, in turn, may differ widely with respect to how conducive it is to new business formation. It is necessary to not only understand these environmental differences; it is also necessary to understand how to create an environment which encourages the Hispanic entrepreneurs.

8) Assessment of the effectiveness of U.S. government programs to assist Hispanic businessmen. Just what types of assistance and information have been most effective in helping Hispanic entrepreneurs get started. Presumably by offering purchase contracts, "set asides' and other preferential arrangements they have facilitated the process of penetrating the U.S. economy. What problems have been encountered in using this assistance? For example, have the following been a problem: red tape, delays, complex contracts, meeting quality standards, producing in the quantities desired, finding out about the programs, competition among bidders?

9) Development of materials based on research and experimentation to teach Hispanic entrepreneurs. Entrepreneurship can be taught. Today colleges and universities throughout the United States are offering courses, even degrees, in entrepreneurship, venture management, small business management. There is no need to belabor the scope and content of these courses. They have been successful and new programs are starting up and existing programs are expanding each year. The important point is that these programs and techniques can be used by the Hispanic community to assist both current and potential entrepreneurs. What is required is development and/or adaptation of cases, diagnostics, problems, exercises, and pilot programs that focus on a learning process useful to Hispanic entrepreneurs.

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AN EXPLORATION INTO THE HISPANIC BUSINESS CHARACTER-A WORKING MODEL

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The follwoing is a study into the character and make-up of the Hispanic Entrepreneur (H.E.). The composition of the paper includes a background inquiry into the H.E.'s relationship with his environment, style and systems of operation. Beyond this, a model was formed for the H.E. which included a general working model, coupled with sub-models on Mexicans, Puerto Ricans and Cubans which were, at the same time, constructed with what the author believes are the specific advantages of each group. It was decided that the H.E.'s model deviates from the overall American Model in that it handles communications differently, it centers its style on control, and uses more intensively non-quantitative techniques for decision-making.

BACKGROUND

Understanding how the H.E.'s environment works is the basis for this paper and the model derived from it is the result of the effort to show the need for a Hispanic approach to decision-making.

It follows that in order to devise a management model (Jackson, 1979), one must extract a wealth of information that will yield the workings of a distinct system. On a separate note, understanding the environment in which people work is the key to unravel what motivates them to change (Madsen, 1974); in our own case, to grow. Using the information we have on the H.E.'s environment we can, at our discretion, develop a distinct system that will yield a complete model by which we could monitor the H.E. better.

The model is for the purpose of helping us differentiate between his various approaches to problem solving and decision-making, his style, and his general attitude towards business.

Historically, H.Es. have not been able to achieve the financial success of other national groups. In addition, the existing cultural and language barriers have made their assimilation into the mainstream of American businesses more difficult because their numbers have swelled too rapidly, thus making them, in many instances, a numerical majority without power.

When Hispanics are compared to the total population of the United States,

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we find that they have lower educational achievements (Bureau, 1980), especially in higher education. Their business and technological expertise is poor. Even the much publicized achievements of the Cuban-Americans fall short of those of the non-minority groups. This lack of know-how prevents him from achieving significant business success beyond the initial effort he or she puts forth at the start of a business; it also prevents him from going into fast growing technological enterprises that could enhance his representation in the U.S. Statistically speaking, the H.E. actually conducts a very small business - eighty-one percent are one-man operations of which sixty-four percent are retail and service outlets- furthermore, he rarely goes into high profit-yielding ventures that could assure him growth. (Bureau, 1977)

It is obvious that a general model cannot be developed from one-man businesses, especially since these are actually jobs that many people do to barely stay employed. Therefore, we must look at actual Hispanic businesses that employ workers on a regular basis in order to develop our model (Bureau, 1977). It must also be understood that this model does not operate in a vacuum. Since we are looking at a model that must operate within the larger, well developed American management model*, the Parent model will affect the smaller one in more ways than one. For instance, the Hispanic selling function must, in order to grow, be perfectly bilingual; suppliers will, at times, discriminate in order to show displeasure when their inability to communicate is an issue.

We begin to form the Hispanic model by first developing a rationale for the factors that must exist between the Parent and Hispanic model. We do this by looking into how both perform the functions of management: Planning, controlling, organizing, and communicating.

Planning can be described as the work any business must do before operating or producing. In essence, it is the forecasting, predicting and estimating that must be done to achieve success. Everybody forecasts; the difference in how it is done is what begins to describe our model.

Two distinct behaviors or actions emanate when the Hispanic and American models are compared. First, the H.E. is more autocratic; sencondly, he is more secretive in his planning. The effect that this approach has on his strategy cannot be counted as negative nor positive, rather it is the way things are done; therefore, the H.E.'s forecast is far from being quantitative. It cannot be quantitative since the H.E. will not trust advice nor open confrontation on bona fide ideas. He does communicate, however, in his own way. He renders the planning function a one-man job, highly centralized, with perfectly good aims and narrow views of the horizon (Llevada, 1982). The only way he is known to share the planning function is through partnerships (Llevada, 1982), which usually include a family member. In summary, we could say that the models differ from each other in the way information for planning is handled.

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* American model and Parent model are terms used to explain the same behavior.

When we look at controlling, again the H.E. uses autocratic behavior. He is no longer seclusive (except on data sharing); however, he will put heavy emphasis on control. Like his Parent model counterpart, he will emphasize daily operations, but unlike him he will supervise very closely. This makes the total Hispanic model look totally dependent on control when in reality it is not, for his planning and organizing are not done openly as in the Parent model. It is no small wonder that we find the H.E. not using accepted management techniques for planning and control (Llevada, 1980); this is due mainly to the need of many of the techniques to be open and informative. Past research has shown that the H.E. is willing to learn and apply techniques (Llevada, 1980); however, doing so in his own way, using his own time.

Great differneces exist between what we are able to observe from H.Es. and what he actually does and achieves. In the past, the Parent model has been used to evaluate Hispanic business behavior. We have assumed that he wants to grow when, perhaps in reality, he does not see the larger corporation as a vehicle for change. If we continue to examine the H.E. using the American model, we will do so at great risk, since the answers we get will contribute more to confusion than to the basic understanding of the H.E.'s way of managing.

In terms of organizing, the H.E.'s approach is to follow a line of self reassurance in order to satisfy his need for control. In the classical sense, organizing and control are the same for the H.E. In essence, the H.E. cannot understand that organizing is used as a vehicle to release control and he will not accept the textbook definition for organizing since, to him, organizing is basically the way he achieves personal control. He is organization, his pressence is control. This does not mean that the H.E. lacks proper organization of the business; however, in the long run, his approach does not lead to growth as we know it in the Parent model. It follows then that the Hispanic model is an appendage model that feeds on the Parent.

To summarize, we will elaborate on what we have described so far: First, the H.E. is autocratic and secretive; secondly, this approach to management seems to be centered at controlling; third, although it seems that the H.E. is overly preoccupied with control, he seems also to be planning and organizing in a way that cannot be distinctively measured. These three findings lead us into what is missing in the H.E. that the Parent model is basically dependent on: Communications.

It is no coincidence that the advent of the American model happened at a time when computers and information systems theory began to emerge. Communications had been one of the most written and talked about subjects in the 1950's and is the basis for anything that can go right within the American model. Can we find any similarities in the Hispanic model?

Communication in management is described as the verbal and/or written interaction between two persons. The problem with the definition is that there is very little written communication in the Hispanic enterprise, and whatever there is will have no intrinsic value.

H.Es. communicate in a verbal manner as well as, or better than, his Parent model counterpart; however, his lack of language skills prevents him from joining the larger model as a seller or buyer if he decides to grow sometime in the future. That is why perfect bilingualism is required to succeed. Therefore, we cannot describe a Hispanic model based on good written communication or total English performance. Poor writing skills lead to no communication and communication based on poor spoken English leads to biased results bordering on discrimination.

THE MODEL

In defining a management model for H.Es. one must not commit the same mistakes that were made before. When solving Hispanic business problems we used the American model to suggest solutions and we failed when it did not take into consideration the effect of different cultures. In describing this new model, we must reason and divide the model according to the different national entities we are attempting to cover. In theory, we must recognize certain common denominators that every Hispanic culture has. For instance: they all speak the same language; Cubans and Puerto Ricans share a Caribbean heritage; etc. However, the model's strength will be in our ability to describe relevant differences that could help us in solving their managerial problems. Three basic groups of Hispanics will be studied: Mexicans, Puerto Ricans, and Cubans.

Available data indicates that one group of Hispanics is more successful than the others in acquiring wealth while another is more powerful in the financial world and still another is more successful in the political arena. All these differences in achievement have, of course, a different base; furthermore, it is important to note that these differences are what provide balance within the model, the very essence of a workable Hispanic front.

Growth. The success of Cubans in small scale businesses has been overdramatized. Cubans have acquired considerable wealth and financial control in Dade County, Florida, in a short period of time; however, figures indicate that they still are behind the non-minority groups.

The power of the Cuban success story lies behind the transportation of the most successful Cuban entrepreneurs to Dade County because of the political upheaval in Cuba. These forward looking men and women were forced from their established businesses in Cuba and it would only be natural that they continue to engage in successful business entities. They had experience, know-how, and, many of them, formal education. This first generation of Cubans made a big impact in Dade County because the existing business community in Dade County at the time of their arrival was small and transient. Their industry was based on service and, furthermore, there are indications that it would have continued in this way if the Cubans had not arrived.

Although rapid growth can best describe the Cuban model, it is doubtful that this growth will continue. There is concern about the damage done by the American mainstream to Cuban culture and society, especially to high school students. Statistically speaking, the Cuban businessman draws his strnegth in the model from the fact that his business revenue per capita exceeds that of Mexicans and Puerto Ricans. In every business sector of the economy, the Cuban share of the revenue exceeds their numerical participation. For instance, while Mexicans represent fifty-three percent of all Hispanic businesses in the United States, they receive only forty-seven percent of the revenue. Cubans, on the other hand, represent twelve percent of the business entities while collecting twenty percent of the revenues. Table #1 shows more specific break-downs by industry and geographical location. It shows that Cubans have grown even in locations away from Dade County. Beyond the Cuban success story of rapid growth, we could say that Mexicans, although not experiencing such rapid growth, represent the majority of the Hispanic business firms in the United States and their position in the model is one of strength through large numbers. Puerto Ricans, considering their numerical representation in the population of the United States, have failed to grow or to provide adequate representation in the Hispanic business sector. The sometimes transient nature of the Puerto Rican businessman on the Mainland has not contributed positively to his development here.

Political Representation. If the Cuban businessman has been successful at growing fast, the reverse can be said about their political power. Due to their inability to get involved in the American political process, Cubans have failed to succeed in the political arena. In terms of power and participation, Mexicans lend to the model their expertise and experience of the American political process. The rich historical background of Mexicans in the United States has provided the center for this political power base that has made the Hispanic movement what it is. It is around this base that most political action takes place at the national level. The Puerto Ricans' power base is restricted to the New York City area; furthermore, their previously mentioned transient nature delays their political growth.

The Puerto Ricans' contribution to the model is based on their financial involvement on the Mainland. Although they represent only a meager five percent of the Hispanic financial institutions in the United States, their revenue from the same account is thirty-five percent of the total. The importance of their financial institutions cannot be underestimated since it is one of the few business entities that can withstand the transient nature of the Puerto Rican businessman. Finance demands travelling and involvements in foreign markets (Jennings, 1977).

The ability of the three groups to communicate in the same language does provide a basis on which to work a general model; however, it will be the further development of specific models for each of the three groups that will lend the model its flexibility.

The General Model. The general model is described in two ways: First, we

TABLE I

	Mexicans	Puerto Ricans	Cubans	Others
All Industries* (100%)				
# of firms	53	2	12	15
Gross receipts	47	5	20	9
Without paid employees (81%)				
# of firms	52	6	13	12
Gross receipts	53	8	14	12
Construction (14%)				
# of firms	64	1	7	14
Gross receipts	57	3	12	12
Manufacturing (7)				
# of firms	39	4	22	16
Gross receipts	33	4	29	16
Transportation (2%)				
# of firms	69	7	9	6
Gross receipts	66	5	15	3
Wholesale (3%)				
# of firms	53	3	28	5
Gross receipts	35	2	41	2
Retail (36%)				
# of firms	60	5	11	7
Gross receipts	55	5	14	10
Finance (2%)				
# of firms	59	5	9	16
Gross receipts	35	35	11	5
Selected Services (34%)				
# of firms	46	4	6	16
Gross receipts	42	3	23	13
Geographical location				
New England (1%)				
# of firms	3	17	9	14
Gross receipts	1	13	33	6
Middle Atlantic (9%)				
# of firms	5	21	21	26
Gross Receipts	3	20	17	15
East-North Central (7%)				
# of firms	32	8	9	37
Gross Receipts	18	4	42	21
West-North Central (1%)				
# of firms	48	2	38	5
Gross Receipts	47	2	20	6

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* Figures are in percentages. Individual industries figures are for firms with paid employees only.

TABLE I, Cont.

	Mexicans	Puerto Ricans	Cubans	Others
Mountain (11%)				
# of firms	70	0	0	7
Gross receipts	67	0	0	6
Pacific (32%)				
# of firms	71	1	3	9
Gross receipts	65	1	7	5

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[*] Figures are in percentages. Individual industries figures are for firms with paid employees only.

must accept the fact that H.Es. will not communicate in writing; therefore, he will be using managerial techniques that depend on non-quantitative inputs and outputs: sencondly, any technique being developed for, or used with, the H.E. must be biased towards developing strong control situations without using too much information. For example, the use of personal micro-computers adapted to specific situations could be of great help to the H.E. He will control data entry and output with ease while, at the same time, privacy will be preserved.

As a general model, it is doubtful that H.E.s would change the pattern of having very small business enterprises in the near future. The need to have personal contact, especially in the service and retail trade, is very important for the survival of their culture. Therefore, small will not necessarily hurt but will enhance the Hispanic heritage. The general philosophy must then be to provide support for the type of businesses that, although small, could be long lasting and rewarding.

The Mexican Model for H.E.* Mexican political power and desirability of getting involved in the political process should be the base for their model. When solving and defining problems under this model, better results will be achieved if government involvement is made part of the solution. The involvement could come as education and training programs, tax incentives, grants, etc.

The Puerto Rican Model for H.E. The power of this model is based on the ability of Puerto Rican Businesses to interact with the island's resources. Data demonstrates that the only considerably active Puerto Rican business comes from the Northeastern seaboard and that interaction with the island is heavy (Jennings, 1977). This demonstrates that a Puerto Rican model must include communication with the island, its cooperation and expertise.

The Cuban Model for H.E. Cuban entrepreneurs' inability to join the political process make them vulnerable, especially the smaller businesses. However, their ability to expand and to tackle a diversity of technical areas allows them to trade in the Americas, thus offsetting their weak national position. Cubans are still, in many ways, foreigners at heart; therefore, their model revolves about internationalism. Decisions on this model should be based on technical capacity, expansion and foreign trade.

CONCLUSIONS

What has taken place in this paper is an exploration into the Hispanic business character and the exposure of some of the basic strengths and weaknesses of the three major groups of H.E.s in the United States. The decision to choose these three particular groups is two-fold: First, they are the three largest groups of Hispanics in the United States; secondly, they are the only three groups for which data is available.

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* We have assumed that having a Hispanic surname is not what makes a H.E. A H.E. is one that uses Spanish often and has specific cultural biases and make-up.

The basic model outlined for H.E.s in the United States is based on the way they look at their function as managers and their strengths and weaknesses in the environment in which they work. The main points in the general Hispanic model are:

1. not based on communications or information gathering.
2. a qualitative approach to inputs, outputs, and total decision-making.
3. strong control procedures instead of a balance between planning, control and organizing.

On a more specific note the following can be said about the models developed for the three groups studied:

1. Mexican decision-making is better influenced by government involvement.
2. The Puerto Ricans use of the island's resources is a very positive approach to influence their growth on the Mainland.
3. Cubans' technical and international expertise is the most positive continuum for their survival.

Notwithstanding the description of this model, it is important to understand that the model for H.E.s in the United States is an appendage to the Parent model, and, as such, is dependent on American society, its economic conditions, and other ethnic groups. Not every H.E. belongs in this model since, in actuality, its sub-model role makes it shed participants that, through some cultural adjustment, are no longer H.E.s This model is preferably for the typical Hispanic businessman which is small, rich in Hispanic traditions, and geographically situated in areas of a large Hispanic population.

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A POSITION PAPER ON:

STABILITY vs. GROWTH AND BUSINESS RATE OF FAILURE

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This position paper suggests that owners of businesses that are four years or more old are far more interested in stability than in growth. This view is the result of "in-depth" studies of approximately 200 Small Businesses in the Chicago metropolitan area. It suggests that any assistance or guidance to established Hispanic businesses in large cities be aimed at finding the market niche for the firm's specific product and/or service and staying with it.

The paper further points out that the rate of failure in the U.S., as reported by Dun & Bradstreet, is approximately 0.4% and that there have been no studies to show that Hispanic business failures are larger or smaller. Therefore, fear of failure is statistically unsound.

The last position states that studies, by the author, of County Business Patterns' data reveal that the Small Business Sector in the U.S. is growing at a more rapid rate than is the Large Business Sector. It suggests that the Hispanic businessmen, generally small, as are 95+% in the U.S., do not have to be concerned with being swallowed up by big firms.

STABILITY VS. GROWTH

I have been asked to expand on the idea that in our businesses we should be striving for stability as against growth. Since both of these words are emotional words, I think it is incumbent upon me to give my definition of these two words.

By stability I do not mean stagnation or necessarily the maintenance of status quo. By stability I mean that we have a certain amount of predictability as to what the volume will be, where money will be coming from, and who will perform as employees and suppliers. It does not mean that there will be an absence of increase in the amount of sales, the number of employees, or the amount of funds available.

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Growth is one in which there is a sizeable increase in sales or potential sales that will require an infusion of money, personnel or any other facilities, with their attendant headaches. If there is not enough money to finance the growth, then we, as businesspeople, are reluctant to undertake the growth because it does mean some dilution of our ability to act as we see fit. It implies that we have taken on an added responsibility to either an investor or investors and lenders. If we do have enough cash to finance the expansion, then we have to hire or develop additional managers and workers and in that way dilute our ability to make decisions.

All of the preceding has been predicated on the premise that we are dealing with small businesses. It also is predicated on the premise that it does not make any difference whether a small business is Hispanic or non-Hispanic, since I do not claim in any way to be knowledgeable of Hispanic business as being different from any other business, whether it is considered to be a minority or not.

At this point you are probably wondering why I feel this strongly, also why I speak with such conviction. I think I should explain that I have been involved, and by involvement I mean as an employee and/or an owner of small businesses, since January 1946. I have been involved in businesses in quite a few industries that produced many different products and services.

Since about 1974 I have conducted the only graduate course in managing a small business at DePaul University. In this course the graduate students are required to analyze the reasons for success of specific small businesses that the students have selected. In addition to these approximately 200 small successful businesses in the Chicago metropolitan area, our friend, Miguel Valdivieso, has analyzed 45 successful Hispanic groceries in the Chicago area (Valdivieso, 1981). I think and hope that my convictions have not colored or influenced the conclusions of the students.

Of the 200 plus companies I would venture to say that less than 5 percent were interested in having growth as a major objective. I do not consider these small businesses to be any kind of representative sample of a broad sector of the United States or of Hispanic businesses. They are a very, very confined group. All of these firms were viewed as being successful, since our objective was to look for the reasons for their success. all of the firms had to be owned by the owner/manager for four or more years. We were interested in how they were managing their operations and not how they were establishing themselves, i.e., managers vs. entrepreneurs. Most, if not all of them, were in the metropolitan Chicago area. This implied that they could be highly specialized and have a large enough market for their product(s) or service(s). The firm had to be the major source of income and the major effort of the owner/manager was to be devoted to the firm. The owner/manager was not considering the sale or disposal of the firm within the next two years.

You may then be asking me what did we seem to feel was the key ingredient to the success of these firms. That is rather difficult to answer, just as it is difficult to answer why they individually went into business in the first place.

However, in spite of all of these risk-takings, I will still attempt to answer what seemed to be some of their reasons for success.

All of them seemed to have identified, whether consciously or not, specifically who the users of their products or services might be. Each one had a very confined niche. It was rather startling to realize that very few of them tried to carry or go into a broad line of products or services. Most of them could very easily spell out a long list of things that they would not carry or do.

Very, very few of them had borrowed money from anybody other than their immediate friends or family, if that, to get started, and their history seems to be that they do not work with other people's money. A possible exception might be that they obtained credit from suppliers; as Mr. Valdivieso indicated, some of the Hispanic food stores obtained credit from the dairy suppliers.

Most of them put in long hours at the outset and devoted quite a bit of effort to the enterprise.

In terms of suppliers, they tended to stay with a few suppliers that would furnish them with their requirement no matter what the conditions might be. They did not buy from a broad spectrum of suppliers.

They definitely were not innovators. They did not attempt to invent a better mouse trap. They tended to stay with the tried and true. In spite of all that we hear about the small businessman, these people did not take risks. All their acts were toward stability and avoidance of risks.

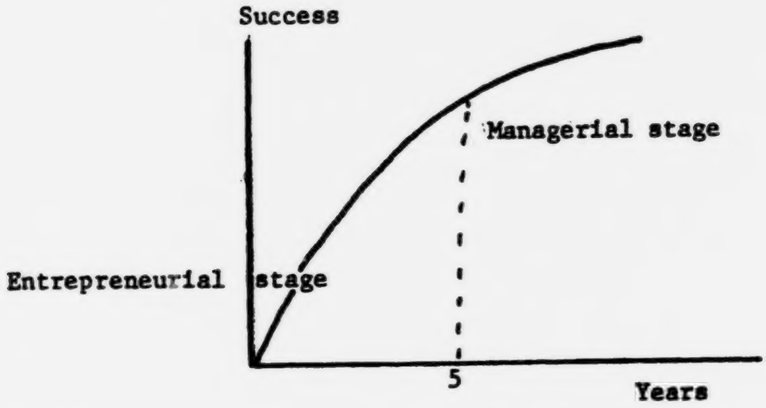
In conclusion, then, maybe this suggestion ought to be that we should assist the Hispanic firms by helping each firm identify where its strength is and to concentrate on that feature and not attempt to play the entire field. It is also suggested that adequate money be available, not borrowed, to start the firm and to carry it for at least six months when the operations costs can be expected to be more than the revenue.

As a parting shot, I would also like to point out that if any of the things that have been suggested are violated, probably the firm will survive if the owner/managers stay with it. There is no known information about the rate of failure of Hispanic businesses. I can report that the rate of failure of all American businesses as reported by Dun & Bradstreet is in the neighborhood of one-third of one percent per year.

The foregoing discussion is consistent with theory. The Gomperz curve as reported by Croxton and Cowden (2) indicates that the volume of business rises rapidly at first and then levels off.

EXHIBIT 4.1

Operational Stage of the Businessmen Surveyed



BUSINESS RATE OF FAILURE

In the previous section I alluded to the low rate of failure in the U.S. as reported by Dun & Bradstreet. Since the rate of failure is the antithesis of our impressions I was asked to clarify and support my statements.

The basic position is that all of the impressions we have regarding failures in the U.S., which are quite prevalent, i.e., that more than 50 percent of businesses fail within the first five years, is a gross exaggeration.

As in all business and academic affairs, it is essential that we agree to some definitions. All statistics in the United States regarding business failures emanate from the Dun & Bradstreet Rate of Failure information. Survey of Current Business, Statistical Abstracts, Newsweek, The Wall Street Journal, and other economic publications use the D&B data (Massel, 1978). Rate of failures is used as a lead item for business cycle forecasting (Bails and Peppers, 1982).

> A business failure is one in which the owners cease to run the business and owe money to their creditors. This includes petitions for bankruptcy as well as those businesses that cease operating and the creditors do not see fit to force a bankruptcy.

For those industries that report to Dun & Bradstreet the rate of failure has ranged from 0.25% or 25 failures per 10,000 firms to 0.4% or 40 per 10,000 (Dun and Bradstreet, 1981).

I know that this information is very very hard for all of you to accept as it has been very difficult for me to accept, in the last seven years, since I became aware of this statistic.

In some recent studies that Dr. Anthony Petto and I have been conducting we have found that the rate of failure, as reported by Dun & Bradstreet, has no relationship to gross national product, rate of interest, or the money supply (Petto and Massel).

Parenthetically, maybe I should have mentioned it earlier, there is no data that I have been able to locate that deals with failure of any minority business or with failure of small business. All of the data considers the rate of failure for the approximately 2.5 million firms that Dun & Bradstreet covers.

What then are the implications of the preceding information? The implications are that we should not be pessimistic about the chances of any business if the rate of failure is so small; we should not be concerned about the business cycle, we should concern ourselves with making an existing business more successful. It is my strong belief that we should determine what are the strengths of each individual firm and to capitalize on those strengths. It is not my belief that we should concentrate our attention or efforts in probing for weaknesses which exist and which are rather difficult and often impossible to overcome. If there is a shortage of cash, then we have to operate our enterprises in areas where there is a minimum of cash required. If there is an ethnic difference, we should be concentrating in those areas in which there is an ethnic similarity.

Note: It is also suggested that many omissions we see in weak businesses are also absent in successful ones. As examples; cash flow analysis, detailed cost analysis, budgets are uniformly absent. If they do not exist in both then the distinction must be in some other areas.

Bankruptcy

Definition

A bankruptcy is a situation in which the court is petitioned by either the debtor or the creditor to protect the debtor from the credit terms. In a voluntary or in involuntary bankruptcy they cease operation. However, there are various chapters with numbers like 10, 11, 12, and 13 in which the debtor can continue to operate and possibly work out his or her indebtedness and be protected during the period from the creditors.

In the United States, up to 1980, there have never been more than 30,000 business bankruptcy petitions per year (Administrative Office of the U.S. Courts, 1979). When you compare this figure to the total number of businesses in the United States, it is rather difficult to conceive that this percentage can exceed one-half of one percent. In a study of the Northern Illinois County Business Bankruptcy for 1976 we came up with a figure of less than four-tenths of one percent as the rate of business bankruptcies in those counties (Massel, May 1979). This study is in the same range, less than one-half of one percent, that the Dun & Bradstreet data has been reporting.

Growth of the Small Business Sector

Another area that I was asked to present to you dealt with another type of growth; whether the small business sector was being overrun and overcome by the large businesses in the United States. We are willing to grant that in manufacturing of consumer products and in the areas of utilities, large transportation, large insurance companies, and large banks, the larger firm has the advantage. In manufacturing there are economies of scale that can be considered to be to the advantage of large firms. In a situation in which a brand name is meaningful, the large firm has the advantage. Of course, in the others that were mentioned the amount of money required to operate effectively rules out most of the small firms.

The United States economy, however, is unique among the economies of the world. No matter how we define a service, the United States has the largest percentage of service industries of any of the economies in the world. The service sector is an area that is labor intensive and where we have labor intensive firms the smaller business with the direct contact of the owner/manager has the apparent edge.

In a study that I conducted in which I analyzed the various groups by employment subcategories I discovered that the firms that employed between 4 and 99 employees were growing at the most rapid rates in the number of units and in the number of employees that were working in that sector (Massel, June 1979). The second largest growth was a surprise. That was in the sector that employed 100 to 249 employees. By the way, this is part of what I consider to be a medium-size firm. Why was it a surprise? Because I viewed these firms as being most vulnerable to takeovers, the subject of mergers into other firms, or the subject of acquisition and moving into a larger size than 249 employees. The conclusion that I reached was that there were more firms moving into this 100 to 249 employee category than were moving out. Mergers were probably diminishing their numbers. However, apparently the rate of the firms moving into this category was much greater.

Again, the implication, for a Hispanic business, that if an owner is doing a good job, is concentrating on his or her strengths, there is nothing to be concerned about relative to the larger firms, or even relative to the more established firms.

Summary

Well, what can we say from the three subjects that have been touched upon? Regarding growth and stability, we should be concentrating our efforts as to how the existing firm should be determining where its strength is and concentrating in that sector(s) where the firm is strongest.

That regarding the fear of failure or bankruptcy, there may be other reasons for not continuing or even going into business. However, the statistical odds very definitely are in favor of success, or stated better, of nonfailure.

Relative to smallness, we do not have to have any inferiority regarding our ability as small business people to "make it," that the big firms are operating in areas in which there is a large demand...and that we can concentrate our efforts on those areas in which this large demand...does not exist. Like a rowboat, we can maneuver very well and operate very well in shallow waters where the larger vessel dares not venture.

Close

I do hope that this presentation has provoked you in an emotional way so that you do something about it. I think the members of this audience have enough influence in the Hispanic business community of the United States to point out that there is great optimism, that the opportunities are there, that when it comes down to it, it all depends upon the effort, desire, and dedication of the individual and his or her family.

Gracias por su amable atencion.

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THE ACHIEVEMENTS OF ECONOMIC DEVELOPMENT ADMINISTRATION (FOMENTO) OF PUERTO RICO

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This paper tries to analyze if the Economic Development Administration of Puerto Rico (Fomento) has been able to achieve its goals. First it discusses the organization of Fomento and other public corporations, and how Fomento helps the investors. Then it discusses its achievements as regards its employment and income goals. It finds that these goals have been achieved only partially. At the end some personal recommendations are given.

Este articulo trata de analizar si la Administracion del Desarrollo Economico de Puerto Rico (Fomento) ha tenido exito en lograr sus metas. Primero se discute la organizacion de Fomento y las corporaciones publicas y como Fomento ayuda a los inversionistas. Luego se discuten sus logros en cuanto a las metas del empleo e ingreso familiar. Se encuentra que esas metas se han logrado solo parcialmente. Al final se dan algunas recomendaciones personales del autor.

INTRODUCTORY

The Fomento was created in 1950 to promote industry in Puerto Rico in order to reduce rampant unemployment to less than 5 percent of the work force and to achieve an income of $2,000 by 1960, for every Puerto Rican family. (Stead, 1959).

By 1960, the successes of Fomento inspired Kenneth E. Boulding to call it the "Fomentarian Revolution" which had four aspects:

1. charismatic leadership;
2. education and development of human resources;
3. ability to make good bargains with foreign investors; and

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4. ability to effect a sufficient cultural change at the level of the individual, the family, the neighborhood, and the small group so that the gains of development can be reasonably permanent and acceptable to the society. (Boulding, 1961).

By 1979 the revolutionary operation bootstrap to industrialize the island had resulted in what an article in the Fortune magazine termed operation welfare.[1]

ORGANIZATION OF FOMENTO

The Fomento at its inception included two public corporations, the Puerto Rico Industrial Development Company (PRIDCO) and the Puerto Rico Ports Authority besides a number of special staff and operational units.

The Administrator of Fomento had direct responsibilities for its operation. He also acted in the capacity of a board of Directors for PRIDCO and the Ports Authority. His two Executive Assistants assisted him, one on matters relating to Fomento and the other on matters relating to the two public corporations. They also did staff work for him in his capacity as a member of different governmental bodies, such as the Governor's Cabinet, the Advisory Board of the Land Authority, the Agricultural Council, the Board of Directors of the Government Development Bank, the Finance Council, the Mining Commission, and other committees and boards.

The special staff units included the Controller, the Office of Information, the Office of Economic Research, and the Legal Counsel.

The operational units were: The Industrial Development Branch, Department of Tourism, and the Continental (U.S.) Operations Branch.

Public Corporations

These, as mentioned before, are the Puerto Rico Industrial Development Company, and the Puerto Rico Ports Authority.

The Puerto Rico Industrial Development Company (PRIDCO), which is Fomento's financial and real estate arm, engages in the purchase, subdivision, lease and sale of land and in the construction, lease, and sale of factories, hotel, commercial establishments, and other facilities. The engineering staff of the corporation is available for consultation by interested industries.

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[1] Cf. "From about $1.3 billion in 1974, federal outlays leaped to $2.8 billion in 1976. In fiscal 1978, they ran at a rate of $3.4 billion, more than one-third of the island's $8.9 billion gross product-and more than $1,000 for each of the island's 3.3 million residents. The per capita personal income of the island in 1978 was only $2,681. "Operation bootstrap" has begun to look like "operation welfare." (Nickel, 1979)

The Puerto Rican Ports Authority has three main functions, viz., operation of ports and docks, airport facilities, and buses.

The Fomento coordinates efforts of the abovementioned corporations to attract new industries and to service those that establish operations on the island. It works closely with the private financial sector, U.S. Federal agencies, Government Development Bank for Puerto Rico, and other Puerto Rico Government instrumentalities in assisting private enterprises with solving technical, financial, training and other problems confronting new startups and expansions by existing operations. (ITT, 1979).

Puerto Rico today has approximately 1800 Fomento-promoted manufacturing plants throughout the island. Nearly 400 of these are subsidiaries of Fortune 1,000 corporations. The total labor force of Fomento-promoted plants consists of approximately 133,000 persons (ITT, 1979).

How Fomento helps entrepreneurs

Fomento helps the investors who qualify for tax exemption and other incentives under Puerto Rico's comprehensive manufacturing and service industry programs.

The Puerto Rico Industrial Development Company, which maintains an inventory of standard-sized buildings and industrial park sites, helps with site and building selection.

Fomento provides a number of services to guide the investors through the procedures required for establishing an operation.

The main agency which assists the manufacturer or service industry executive is the Department of Industrial Services (DIS) of Fomento. DIS helps expedite establishment of firms. It continues to work afterwards, with plant managers to ensure successful performance. It also provides guidance on public assistance programs, legislation, and procedures directly or indirectly related to industry in Puerto Rico.

DIS has regional offices around the island which assist promoted industries with the problems concerning operations. It is closely connected with the Inter-Agency Action Group, consisting of representatives of major Puerto Rico Government agencies.[2] The Group looks after infra-structure and other main problems requiring joint agency action.

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[2] These are Puerto Rico Energy Authority, The Aqueduct and Sewer Authority, the Department of Agriculture, the Planning Board, the Labor and Human Resources Department, and the Environmental Quality Board. Entities which can be called upon are the Government Development Bank, the Puerto Rico Telephone Authority, the Education Department, and others.

A regional representative (RR) of DIS acts as the main contact point of a new investor for liaison with top Fomento and PRIDCO officials and with those of other Government agencies. In organizing a new plant the RR helps industrialists in securing and filling out permits and applications required for initiating an enterprise.

When production problems bug the growth of an enterprise, the RR arranges counsel through technical advisors attached to the Technical Assistance Division.

As regards selecting the right personnel, the RR, in close coordination with the Puerto Rico Employment service and the Resources Advisor, counsels firms on basic characteristics of the local labor market. He also provides information on availability of managerial, technical, supervisory, and production personnel.

The RR serves as liaison with Fomento's Human Resources Division in arranging special training programs to provide particular skills needed by the investor. (ITT, 1979).

ACHIEVEMENTS OF FOMENTO

The primary aim of Fomento was to create employment in order to reduce unemployment to less than 5 percent of the work force and to achieve an income of $2,000 by 1960 for every Puerto Rican family. Let us see if it has been able to achieve these goals.

Employment

As such Fomento has created employment over the years as may be seen from the following statistics.

TABLE 1

(1) Year	(2) Employment in Manufacturing Except in home needlework (in 000's)	(3) Employment in Fomento-Promoted Plants (in 000's)	(4) (3) as Percent of (2)
1950	55	5	9.09
1960	81	50	61.72
1964	94	70	74.74
1965	106	78	73.58
1966	115	87	75.65
1967	121	94	77.69
1968	127	95	74.80
1969	135	104	77.04
1970	132	104	78.79
1971	132	104	78.79
1972	141	107	75.89
1973	142	116	81.69
1974	147	123	83.67
1975	137	114	83.21
1976	133	111	83.46
1977	144	118	81.94
1978	156	122	78.21

Source: Puerto Rico Planning Board, Socio-economic Statistics 1978, San Juan, 1979.

The Fomento, however, has not been able to reduce unemployment to less than 5 per cent of the work force as may be seen from the following unemployment figures. (See Table 2)

TABLE 2

Year	Unemployment as Percent of Labor Force
1950	13
1960	13
1964	11
1965	11
1966	12
1967	12
1968	10
1969	10
1970	11
1971	11
1972	12
1973	12
1974	12
1975	15
1976	19
1977	20
1978	19

Source: Puerto Rico Planning Board, Socio-economic Statistics 1978, San Juan, 1979.

One reason, inter alia, for not having been able to reduce unemployment to less than 5 per cent of the work force is closing down of factories promoted by Fomento. This results in loss of employment as may be seen from the following table. (See Table 3).

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Table 3

Fiscal Years	Factories Which Started Operations		Factories Which Closed Operations		Factories Closed as Percent of Factories Started	Employ. Lost as Percent of Employ. Gained
	No. of Fact.	Employ.	No. of Fact.	Employ.		
1960-61	122	5,900	60	1,000	49.18	16.95
1961-62	138	3,800	54	1,300	39.13	34.21
1962-63	134	3,800	63	900	47.01	23.68
1963-64	135	3,100	64	900	47.41	29.03
1964-65	177	5,000	60	1,900	33.90	38.00
1965-66	208	4,800	78	2,400	37.50	50.00
1966-67	221	4,700	73	1,000	33.03	21.28
1967-68	243	4,800	60	906	24.69	18.88
1968-69	209	5,000	65	1,148	31.10	22.96
1969-70	158	6,300	100	2,735	63.29	43.41
1970-71	167	5,600	104	3,042	62.28	54.32
1971-72	139	4,100	102	2,548	73.38	62.15
1972-73	163	4,800	80	2,113	49.08	44.02
1973-74	180	6,543	107	2,941	59.44	44.95
1974-75	180	3,487	177	5,641	98.33	161.77
1975-76	165	4,782p	96	2,090p	58.18	43.71
1976-77	140	6,127p	117	2,528p	83.57	41.26
1977-78	105	3,246p	91	3,000p	86.66	90.42
1978-79	110	4,154p	57	2,676p	51.81	64.42

p = preliminary estimates

Source: EDA Office of Economic Studies, Division of General Economics, Section of Statistics, San Juan, 1979.

According to a study based on Fomento statistics, 132 companies, with twenty employees or more, ceased operations on a permanent basis between 1973 and 1977. Employment lost due to these closings was of the order of 9,745. The reasons for ceasing operations are summarized in Table 4.

TABLE 4

Reasons for Ceasing	Number of Companies	Employees
Marketing problems	59	4,410
Financial difficulties	33	2,161
High operating costs or expenses	23	1,792
Economic problems of some nature	6	268
Change of ownership causing cessation	6	236
Casualty losses (fire,etc.)	5	608

It was further noticed that generally the companies with less than 75 (and more than 20) employees were the companies which were adversely affected by marketing problems, financial difficulties, and high operating costs or expenses.[3] Those with more than 75 employees were not much affected by these problems.[4] (Borges Santiago, 1978).

Another study, which analyzed the closing of 805 factories between 1967-68 and 1977-78, came to the conclusion that textile and apparel industry was most affected with 307 closings. The closed factories employed 26 and less workers. They were mostly affected by the increase in their costs due to a increase in minimum salary. The wage bill of these factories was approximately 50 per cent of total value added. (Bello, 1979).

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[3] Marketing problems include lack of market, product obsolescence, overproduction, scarcity of raw materials, extreme competition, etc. financial difficulties include lack of operating capital, bankruptcy proceedings, insolvency because of lack of, or low, profits, and sustained higher losses, etc. High operating costs or expenses include high cost of raw materials, high cost of energy, excessively high minimum wages, etc.

[4] CF. "International firms...make greater contributions to industrial development than the...small entrepreneurs. The factory set up by the international firm is better financed, better managed, pays higher wages, and is less likely to fail." (Meier, 1966).

In view of the closings of the factories with a relatively small number of employees, and relatively large wage bills, it has been suggested that in future Puerto Rico should find industries which are less sensitive to wage increases, and whose level of productivity is high enough to permit payment of salaries demanded by a labor force whose skills are increasing. These industries are modern light industries such as electric and electronic, scientific, and pharmaceutical industries. The prices of their products are less sensitive to the costs, and their sales are less sensitive to the prices. (Rodriguez Bidot, 1979).

Fomento and Family Income

Average income per family in current dollars has gone up from $1,495 in 1960 to $10,724 in 1978. This is quite an achievement as may be seen in Table 5.[5] (See Table 5).

TABLE 5

Year	Average Income per Family in Current Dollars
1950	1,495
1960	2,812
1964	3,770
1965	4,036
1966	4,343
1967	4,586
1968	4,959
1969	5,319
1970	5,674
1971	6,204
1972	6,712
1973	7,336
1974	7,884
1975	8,678
1976	9,656
1977	9,964
1978	10,724

Source: Puerto Rico Planning Board, Socio-economic Statistics 1978, San Juan, 1979.

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[5] The distribution of income on the island has not worsened since 1949. There seems to have been certain trend toward greater equality, on the other hand. (Maldonado, 1974).

The role of Fomento-promoted industrialization has contributed to this as can be seen from the data which follow:

TABLE 6

(1) Year	(2) Net Income in Current Prices (mlns. of dollars)	(3) Net Income Generated in Fomento-Promoted Plants (mlns. of $)	(4) (3) as % of (1)
1960	1,349	155	11.49
1964	2,045	319	15.60
1965	2,230	362	16.23
1966	2,441	450	18.44
1967	2,644	513	19.40
1968	2,915	598	20.51
1969	3,254	695	21.36
1970	3,668	782	21.32
1971	4,135	881	21.31
1972	4,553	1,076	23.63
1973	5,067	1,335	26.35
1974	5,580	1,642	29.43
1975	5,920	1,685	28.46
1976	6,206	2,129	34.31
1977	6,650	2,566	38.59
1978	7,345	2,924	39.81

Source: Puerto Rico Planning Board, Socio-economic Statistics 1978, San Juan, 1979.

Employment and Income

There is a certain contradiction between increasing unemployment and rising family income. The total unemployment is not just 20 per cent or so. It is more than that when we consider the discouraged, and partly employed, workers. (Duggal, 1979).

Average income per family, which has been increasing, is in current dollars. Its real purchasing power is very much less. This is supported by the fact that about 70% of the Puerto Ricans have to supplement their income with the help of food coupons. (Duggal, 1979).

CONCLUSION

The Fomento has, in a way, transformed the economy of Puerto Rico from one of predominant agriculture to one of predominant industry. This transformation has not achieved the goals of high employment and high income.

In view of this an inter-agency committee of the government of Commonwealth of Puerto Rico has proposed that the economic development of the island requires:

1. an export-oriented industrial development, as before;
2. promotion of industries which are less sensitive to salary increases;
3. modification of incentive system to attract the desired industries;
4. relatively more participation of local capital;
5. development of agriculture, tourism, and natural resources; and
6. provision of complementary activities, such as science and technology, commercial exhibitions, utilities, etc. for industrial projects which emerge. (Administracion de Fomento Economico).

Whether the implementation of this proposal would solve the problems of unemployment, and dependence on food stamps, or not, only time can tell.

My personal recommendations are the following:

a) There should be more participation of local capital in the development of the island economy. The foreign capital, as I have discussed already, is very sensitive. It comes in search of profits, and moves out as soon as profits are not attractive due to one reason or the other.

b) The local capital can also be very sensitive to profits. But if a local demand is created for its products through an all round development of industry, agriculture, natural resources, and tourism, it may not be as mobile as the international capital.

c) The island economy should not depend on imports as at present. It should be relatively independent. At the moment, by and large, the island exports almost all it produces, and imports almost all it consumes.

Finally, the possible implication of the failure of the Fomento to achieve goals of high employment and high income on the island, for the Hispanics in the continental U.S., is worth a consideration.

The movement of the Puerto Ricans from Puerto Rico to the USA and back has been very closely related to the employment and general economic conditions on the island. They have gone out of the island in bad times and come back in good times. These days the movement out of the island to the USA is again picking up. It will definitely increase competition in the already depressed employment market for the Hispanics in the USA.

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IMPLICATIONS OF A MODEL OF THE GENESIS OF SCIENCE-BASED ENTREPRENEURIAL FIRMS FOR PUERTO RICAN DEVELOPMENT STRATEGY

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Víctor Quiñones-Cintrón,[1] University of Puerto Rico

This paper describes a model of the genesis of science-based entrepreneurial firms. Propositions derived from this model are generalized as hypotheses which, if validated by further research, suggest ways of improving Puerto Rican development policies that are aimed at fostering indigenous entrepreneurs.

INTRODUCTION

The objectives of this paper are twofold: first, to describe a model abstracted from some recent research on the genesis of science-based firms; and second, to explore the implications of this model for Puerto Rican development strategy.

This paper will begin by presenting the background of this research. Then, case study data will be briefly described and a model abstracted from these cases will be presented. It is recognized that this model has validity only for these particular cases. However, propositions derived from this model are generalized as hypotheses which, if validated by further research, have important implications for Puerto Rican development strategy. Specifically, they suggest that current policies governing the establishment of off-shore firms in Puerto Rico have not facilitated the formation of science-based entrepreneurial firms by indigenous entrepreneurs. Moreover, they further suggest certain modifications in policy which might foster such domestic enterprise.

BACKGROUND

The background of this study can be outlined by presenting a very brief historical overview of the role the entrepreneur has played in theories of economic development.

Except for the pioneering work of Shumpeter in the first decades of this century economists generally ignored the entrepreneur until the mid-fifties. By this time the problem of the less developed countries had become recognized as one urgently in need of solution. While this motivated an interest in theories of economic development it did not immediately lead to the entrepreneur. Instead, the solution was sought in conventional theory which states that the output of the economy is a function of factor inputs. Thus, a widely known development theory of Rostow which appeared in 1956 was based on a sudden rise in the rate of saving and net capital formation to produce a so-called "take off" in economic growth. However, later studies raised doubts about this approach. In examining periods of growth in the U.S., it was found that changes in capital and labor inputs could account for only a small part of the increase in per capital income. The large "residual" was attributed to technical change. This shifted the attention of economists from investment to technology as the main engine of economic growth. This new perspective reintroduced the innovator-entrepreneur into economic thought.

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It was observed that in a developed country such as the U.S. the establishment of entrepreneurial firms and their proliferation in high-growth industries was an ongoing phenomenon. Basing their paradigm on that of Schumpeter, economists associated this with a continuing process of technological and economic change produced by invention and discovery. This is the framework of many current development theories and, characteristically, it is assumed that the desire for gain is sufficient to drive the resultant models, e.g., to insure that the appearance of an entrepreneurial firm based on anovel and successful product will be followed by the establishment of similar firms. Thus, the essential mechanism for their multiplication is described as "imitation."

Similarly, in extending this concept to undeveloped countries it is sometimes suggested that the proliferation of entrepreneurial firms, which is seen as a key factor in development, will occur through a kind of "demonstration effect." For example, one economist has recently stated: "...if we accept the view that the undeveloped countries suffer from a lack of indigenous entrepreneurs, the 'educative' effect of small-scale industries in providing a training ground for a large number of entrepreneurs must be rated at least as high as the 'educative' effect of the modern manufacturing sector in training a regular labor force." On the surface this seems to point the way toward a viable development strategy for the less developed countries.

The present paper originated as an attempt to explain why the simplistic application of this strategy often fails to work. For instance, it might be assumed that the establishment of a substantial number of small science-based firms in a less developed country could be considered as the first stage of a process in which the second would be the proliferation of indigenous versions of such firms. There presently exist less developed countries where the first stage of this process has already occurred. Therefore, these might be considered test cases. For example, over the past three decades some less developed countries have gone to great lengths to attract offshore industry, and two - Puerto Rico and Ireland - have been notably successful. Moreover, a significant portion of these are science-based firms which correspond to the small-scale industries that have been cited as appropriate exemplars. Also, the top management of a large percentage of these firms consists of highly trained indigenous personnel. The Puerto Rican case is especially pertinent since the mechanisms of inducement for privately owned firms, insofar as they affect owner-managers from the continental U.S., motivate them to become residents in Puerto Rico. Thus, both the owner-manager and his firm are often present at one locus offering what would appear to be an unparalleled "educative" opportunity for potential domestic entrepreneurs. However, despite the fact that such firms have existed in substantial numbers for over a quarter of a century in both Puerto Rico and Ireland the proliferation of derivative indigenous entrepreneurial firms has not occurred.

The chief explanations for this anomaly have been economic (lack of capital); sociotechnlogical (lack of education and training); and cultural (the ideational system lacks or inhibits entrepreneurial motivation). It is noteworthy that all of these explanations focus on elements lacked by the autochthonous population. However, it is possible to suggest an alternate explanation: that is, the offshore firms are not in themselves capable of playing the role of exemplars. Moreover, since it can be demonstrated in many cases that these firms have produced derivative entrepreneurial firms in their own domestic economies it is plausible to assume that the overseas versions may lack some prerequisite of this role. Obviously, if this is true, it makes moot the previous explanations based on the shortcomings of the natives.

It is clear that this problem could be resolved given an adequate model of the genesis of science-based entrepreneurial firms. This could permit identification of elements necessary, if not sufficient, for the proliferation of such firms. The absence of such elements in the structure of offshore firms in less developed countries would then account for the failure of indigenous entrepreneurs to appear. Indeed, the apparently anomalous proliferation in developed and less developed countries would itself become part of the empirical evidence in support of the model.

However, no such model exists. It has been pointed out that "imitation" is a vital concept in various economic theories of development. However, except for the implication that it is motivated by the maximization principle economists have characteristically avoided detailing its mechanics. Sociologists and anthropologists, instead of filling in this processual lacuna, have uncharacteristically assimilated it as the "demonstration effect." The object of the present paper is to use data from case studies to explicate imitation and other processes insofar as they apply to the proliferation of science-based entrepreneurial firms in a developed economy. By abstracting a model covering these specific cases it is possible to formulate plausible hypotheses (generalizable to less developed economies) concerning the necessary, if not sufficient, conditions for the proliferation of such firms. Subsequently, Puerto Rican development strategy can be examined in the context of these hypotheses.

CASE STUDIES

This research is based on case studies of an innovative firm, Tracerlab, and its spin-offs. Tracerlab was formed shortly after the end of WW II to produce and sell nuclear instruments and radiochemicals. Indeed, it was the first firm to introduce two novel products: reprocessed radiochemicals and the beta-gage. These can be considered major innovations in the sense that each formed the basis for a multi-firm industry with present annual sales of over half a billion dollars. Tracerlab also was a fertile source of entrepreneurial spin-off firms, i.e., firms started by former employees based on either the transfer or replication of its technology. Tracerlab and its spin-offs form an exceptionally clear-cut example of the way technological innovations diffuse and ultimately become "standard practice" in a given industry. This is because the enormous scientific progress in nuclear science was bottled up by secrecy during the war years and its commercial applications did not diffuse gradually into the industrial sector (as is more usual) but rather they appeared abruptly as the products of a few firms like Tracerlab at the end of the war. It is thus possible to unambiguously identify Tracerlab as an innovator and to trace the way these innovations subsequently diffused.

Tracerlab produced 13 spin-offs during a 16 year lifetime (in 1961 it was purchased by another firm. LFE, and its divisions were dismembered or assimilated). In-depth studies of each of these spin-off firms allows the construction of a typology which is shown in Fig. 1. These are:

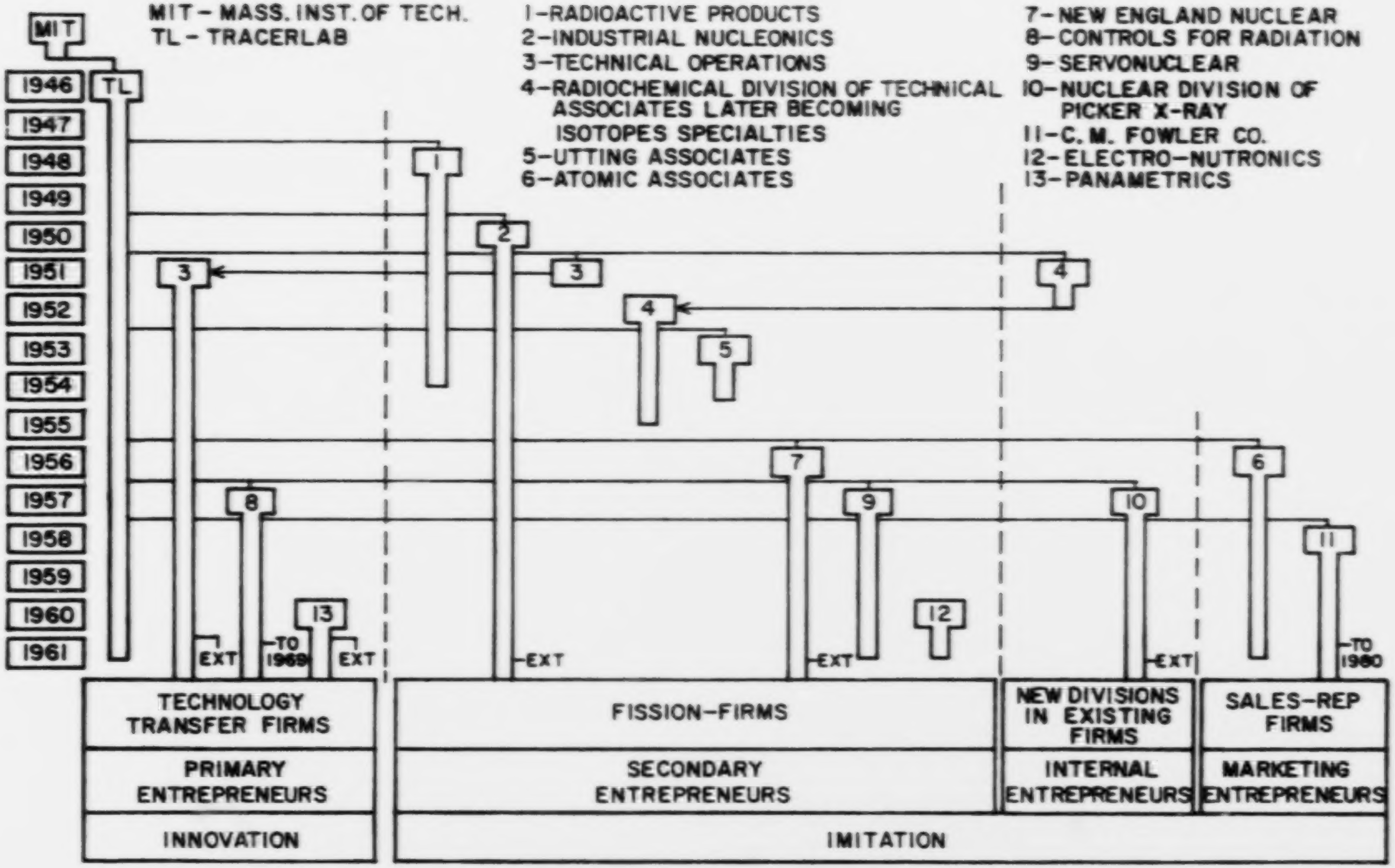
1. Firms based on innovation, i.e., technology transfer firms. Such firms are founded on the basis of a product or service which embodies technical information from a source organization in a new way. It, "...implies more than dissemination of information, it implies the adaptation of technology through a creative transformation and application to a different end use." The formation of such firms always involves innovation (note that innovation is not invention but rather refers to the first successful commercial introduction of a novel product). The individuals which found innovative firms are called here primary entrepreneurs'

2. Organizations based on imitation. Such organizations are founded on the basis of a product or service which embodies technical information from the source organization in the same way. It involves replication of one of the products and/or services of the source organization. There are three sub-categories of imitative organizations founded by three classes of entrepreneurs.

   (a) Fission-firms founded by secondary entrepreneurs and based on the replication of a product of the source organization.

   (b) New divisions in existing companies founded by internal entrepreneurs. Such divisions are also based on replicating a product of the source organization. The term internal entrepreneur has been borrowed from Roberts. As used here it refers to a former employee of a source organization specifically hired by an existing firm to set up and manage a new division whose purpose is to make and sell a product of the source organization.

   (c) Sales-rep firms founded by marketing entrepreneurs. These are firms which replicate those marketing techniques of a source


MIT
MIT - MASS. INST. OF TECH.
TL - TRACERLAB
1-RADIOACTIVE PRODUCTS
2-INDUSTRIAL NUCLEONICS
3-TECHNICAL OPERATIONS
4-RADIOCHEMICAL DIVISION OF TECHNICAL ASSOCIATES LATER BECOMING ISOTOPES SPECIALTIES
5-UTTING ASSOCIATES
6-ATOMIC ASSOCIATES
7-NEW ENGLAND NUCLEAR
8-CONTROLS FOR RADIATION
9-SERVONUCLEAR
10-NUCLEAR DIVISION OF PICKER X-RAY
11-C. M. FOWLER CO.
12-ELECTRO-NUTRONICS
13-PANAMETRICS
1946
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EXT
EXT
EXT
EXT
TO 1960
TECHNOLOGY TRANSFER FIRMS
FISSION-FIRMS
NEW DIVISIONS IN EXISTING FIRMS
SALES-REP FIRMS
PRIMARY ENTREPRENEURS
SECONDARY ENTREPRENEURS
INTERNAL ENTREPRENEURS
MARKETING ENTREPRENEURS
INNOVATION
IMITATION

Fig. 1. A typology of Tracerlab spin-offs showing year of formation and life-span. *(Ext-indicates extant in 1982).*

> organization unique to its specific products in order to sell similar products supplied by firms which have imitated the product of the source organization.

It is noteworthy that Tracerlab itself was a spin-off from the Radioactivity Center at M.I.T. It is thus a technology transfer firm which, in turn, spawned three other technology transfer firms. In addition, it produced ten organizations based on imitation: eight replicated its products: and two copied its product-specific marketing techniques. In the case of firms based on imitation, the pattern of their appearance over time is in consonance with a macrolevel paradigm of technoeconomic change embodying the concept of the product life-cycle.

This is shown schematically in Fig. 2. The process starts when a primary innovator-entrepreneur, formerly employed by a "source organization," initiates a technology transfer-firm. A "source organization" can be a government or non-profit laboratory or a profit-oriented business firm (the latter are often uninterested in exploiting innovations that are outside their normal marketing channels and/or technical expertise and will provide an employee-innovator with a "release" on such ideas). Economically, spin-off is "enabled" when a specific technology reaches a stage at which the risks of further innovation can be borne by a small organization. If, as is usual, the product innovation cannot be adequately protected by patents, the primary entrepreneur will hold all product information secret. His initial success depends in large part on how successfully he manages to maintain secrecy while playing the role of change agent. The role of change agent has not been stressed in studies of entrepreneurship, but it is perhaps the most essential activity of the primary entrepreneur. His relationship with customers and their response can be described by the well-researched innovation-decision paradigm described by Rogers, and the sales of the firm become a reflection of an S-shaped adoption curve. The unique marketing techniques that produce "adoption" are gradually evolved by the primary entrepreneur and can be regarded as an integral part of the innovative product "package" constituted by the physical objects, associated software and ancillary services. If sales are low, the innovation is usually minor and imitation is unlikely to occur. If sales are high, the product will be copied both by existing firms and by imitative new enterprises. However, if the time scale for this process of imitation is examined, it is seen that the first imitators are usually entrepreneurial firms formed by ex-employees of the primary entrepreneur. This is because such individuals are the first to possess both an accurate assessment of the future market and sufficient knowledge to replicate the product.

In Fig. 2 the arrow of time runs from left to right and events described by the block diagram below the arrow can be understood to occur sequentially in time periods that correspond to the product life-cycle depicted above. The shape of this curve has been well-documented by Robertson who has also indicated the relationship of this curve to the S-shaped adopter curve often seen in diffusion of innovation studies. The annual sales of the primary entrepreneur in the period T1 are a

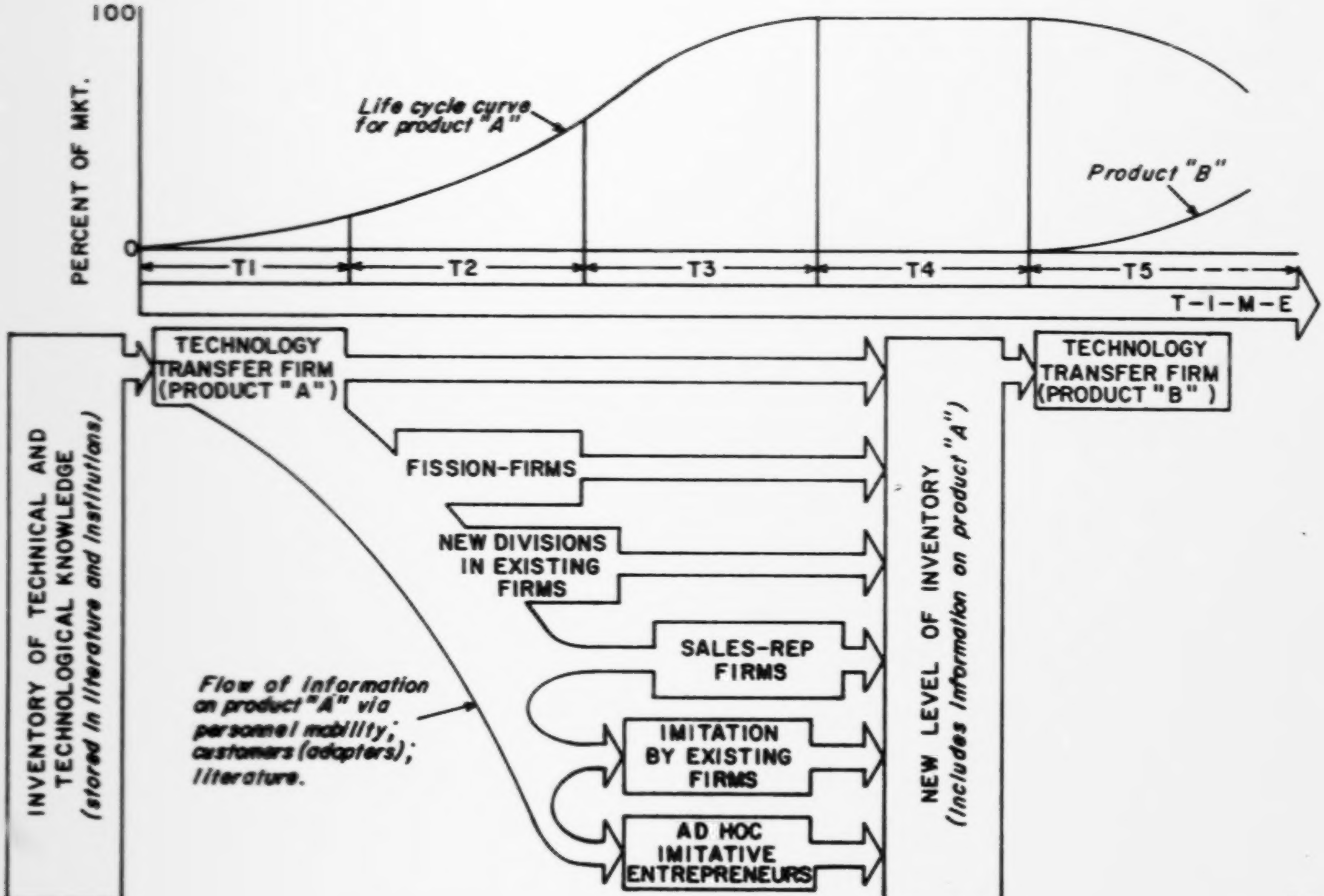
100
0
PERCENT OF MKT.
Life cycle curve for product "A"
Product "B"
T1
T2
T3
T4
T5
T-I-M-E
INVENTORY OF TECHNICAL AND TECHNOLOGICAL KNOWLEDGE
(stored in literature and institutions)
TECHNOLOGY TRANSFER FIRM (PRODUCT "A")
FISSION-FIRMS
NEW DIVISIONS IN EXISTING FIRMS
SALES-REP FIRMS
IMITATION BY EXISTING FIRMS
AD HOC IMITATIVE ENTREPRENEURS
Flow of information on product "A" via personnel mobility; customers (adapters); literature.
NEW LEVEL OF INVENTORY
(Includes information on product "A")
TECHNOLOGY TRANSFER FIRM (PRODUCT "B")

Fig. 2. Paradigm of technoeconomic change via innovation and enhanced diffusion through the multiplication of change agents.

reflection of the early portion of the curve. Potential imitators observe his success but are unlikely to imitate the product for two reasons: the true potential of the market remains unknown, and the information required for imitation is unavailable. That is, risk is high and information is inadequate. Thus, neither existing firms (who have the capital to do so) nor ad hoc entrepreneurs (who would have problems in raising capital) can imitate the primary entrepreneur's product. However, at some time within the period T2 (when sales have increased and technical problemshave been largely overcome) a special class of potential secondary entrepreneurs will have been created. This class has been uniquely provided with the information needed not only to estimate the future market for the product but also to duplicate it. This "class" is comprised of those few persons employed by the innovative firm who have access to the information needed to replicate the firm's product. Moreover, as will be seen in the model presented later, this involves product-specific information in production, administration and marketing. For this class of potential imitator the time of fission is determined by favorable levels of risk and potential return (just as it is for later imitators except this class can assess these factors sooner because of its unique position). Hence, imitation during T2 is primarily by fission-firms. During T2 the existence of firms of the primary and secondary entrepreneurs produces two results: first, a significant amount of information on the product is generated and diffused through papers written by satisfied adopters, sales literature, the mobility of technicians, etc.; and second, the number of adopters increases. Consequently, during T3 a second class of imitator can acquire both sufficient information and the motive to enter the market. This class consists of existing firms in the same industry and ad hoc entrepreneurs. Subsequently, a need for special service firms is generated by this second class of imitator, e.g., sales-rep firms which are spin-offs from the firm of the primary entrepreneur. This process continues until market saturation occurs (%4). The life-cycle curve of product "A" starts to decline in period T5 when it may be made obsolete by a new and better product (product "B") produced by another technology transfer firm which starts the cycle anew.

Two types of entrepreneurs are crucial to this development paradigm: the primary entrepreneur whose innovation initiates the cycle; and the secondary entrepreneur whose fission-firm constitutes the first stage of the process by which information about the novel product becomes widespread. Therefore, it is important to determine the enabling factors associated with the creation of a pool of potential entrepreneurs of these two types.

MODEL

A model applicable to both primary and secondary entrepreneurs was abstracted from case studies of technology transfer firms and fission-firms. In order to describe this model it is helpful to first consider the way the primary entrepreneur sets up a technology transfer firm and subsequently how fission-firms are formed by secondary entrepreneurs.

The case studies of Tracerlab (a technology transfer firm) and the three derivative firms of the same type reveal that the organization of such firms could not utilize conventional management principles because their product was innovative. It is illustrative to comment on a few of the principles that have been applied to small-scale entrepreneurial firms in some recent studies and their lack of relevance in the organization of the innovative firms studies here as cases.

> Principle of objectives: objectives were defined only in the broadest sense, e.g., to somehow make and sell the product.
>
> Principle of facts and planning: facts were unavailable; planning was necessarily based on deduction, not induction.
>
> Principle of controlling: management could not provide instructions because they didn't know what procedures would be effective.
>
> Principle of authority and responsibility: people with little titular authority often assumed responsibility for high-level decisiones otherwise vital opportunities would have been lost.
>
> Principle of unity of control: individuals responded to direction from several sources since management was by *ad hoc* committee.
>
> Principle of personnel placement: since detailed job requirements were largely unknown, intelligence and independence were usually the prime prerequisite.
>
> The scalar principle: titular hierarchies were set up first, but these quickly devolved into *ad hoc* management groups which ruled by consensu; such leadership as existed was based on competence, not position.
>
> Principle of continuity: no mechanism for continuity existed; loss of key people very seriously inhibited growth.

In place of the image of a mature firm, to which such organizational principles are relevant, the newly formed innovative firm presents a different pattern. The description given by the economist Chamberlain is especially applicable to such enterprises: "Every firm is the focus of a complex of relationships. It has lines which run to suppliers... to employees, to financial backers... to customers, to competitors, to governmental agents... on the whole it has fashioned its web like some master spider." The task faced by the primary entrepreneur is creating the web of relationships that enable him to make and sell the product. In doing this he makes use of general background information gained by experience in marketing, administration and production but finds he must evolve new techniques in each of these areas. As a result of product-oriented interactions between the entrepreneur and financial backers, government agents, accountants, etc., product-specific norms and values are evolved which govern participant behavior in what can be termed the administrative area. Similar product-specific norms and va= lues are evolved through interactions between the entrepreneur and customers (marketing) and between the entrepreneur and production workers and government regulatory agents (production). The sum total of these unwritten rules constraining behavior constitute a kind of company subculture. It partakes of the norms and values of the larger social system in which it is imbedded but adds to them rules unique to a specific novel product.

It is beyond the scope of this paper to describe a typical company subculture in detail; however, it is pertinent to illustrate some of these product-specific rules with case study data. For example, the government executed a formal agreement with Tracerlab (the innovator of reprocessed radiochemicals) which prohibited the sale of radiochemicals except for applications which involved: (1) publishable research in fundamental science; (2) therapeutic and diagnostic use in humans; and (3) training by accredited academic institutions. In practice, the majority of their customers did not strictly fall within these categories. In this case, knowledge of how to market the innovation depended on unwritten "understandings" between the entrepreneur, government agents and customers that were not part of any formal agreement. Similarly, in the production area special norms were evolved. Tracerlab was the first commercial firm to face the problem of the safe-handling of radioisotopes on a scale that hitherto existed only in secret government laboratories. An enormous difference in perspective between government and commercial laboratories was the need of the latter to make a profit. What evolved at Tracerlab was a series of unwritten rules governing the relationships of the entrepreneur-managers and production workers in situations involving radioactive material. Elements of the company subculture thus determined actual behavior in a way which was largely independent of emergent formal government regulations on the handling of radioactive material. In marketing it was found that convincing the customer to "adopt" the innovative product required an involvement of Tracerlab technical personnel in specific research and/or production problems of the customer to an extent that would be termed "consulting services" in other industries. What evolved as the protocol determining the behavior of the Tracerlab entrepreneurs and their customers was one in which a high level of service of a special type was expected and delivered as an "informal" concomittant of a formal purchase order for the product.

Of course, such elements of company-specific culture subsequently diffused to become "standard practice" in what eventually became the reprocessed radiochemical industry. However, these examples illustrated the fact that during the first years of its existence the company subculture of an innovative entrepreneurial firm is the sole repository of certain vital information on how to make and sell the novel product. During this period, potential imitators (existing firms in the same industry and ad hoc entrepreneurs) stand by and observe its success but they lack adequate information on how the many obstacles they perceive as surrounding the novel product in production, marketing and administration have been overcome, e.g., apparently overly restrictive government regulation, customer resistance, recalcitrant suppliers, etc.

At first, the entrepreneur is the only individual who participates in all aspects of the company subculture. However, as the firm expands, the entrepreneur, who originally interacted personally with customers, production workers, financial backers, government agents, etc., must employ managers to take over one or more of these functions. These managers learn the company subculture by at first participating with the entrepreneur in face-to-face interactions with customers, production workers, etc., and later acting on their own in such interactions. Therefore, they assimilate elements of this subculture by a process akin to the way individualsare enculturated by the larger social system, i.e., by direct observation and participation. Indeed, in the first years of an innovative firm this constitutes the only method of acquiring some of the information needed to make and sell the product. Therefore, the unique company subculture acts (in a way not intended by the primary entrepreneur) as an enabling mechanism for creating a pool of potential secondary entrepreneurs among such managers.

This subculture is also an important factor in creating new primary entrepreneurs among another group, i.e., the technical personnel of the source organizations' R&D division. In the cases studied it was found that the R&D workers who had new product ideas invariably were those whose job assignments provided a high degree of access to the company subculture in the area of marketing, e.g., through interactions with salesmen and customers. This allowed them to perceive the overall structure of the scientific instrument market and the place of existing company products in this market. Such perceptions were an enabling factor in their conceptualization of a new product that filled a "hole" in this market. Moreover, when these individuals subsequently founded technology transfer fitms the ease with which the new product was developed and sold was related to the degree of access of the founders to source organization's subculture in the areas of production and administration. Therefore, the company subculture also acts as a mechanism for creating a pool of potential primary entrepreneurs among R&D personnel.

Once potential primary and secondary entrepreneurs exist within a source organization, spin-offs may appear. In the thirteen case studies examined in this research, spin-off was always initiated by a trigger mechanism comprised of two elements: first, a perception on the part of a potential entrepreneur that he had acquired sufficient information to successfully make and sell a product based either on the transfer or replication of the source organization's technology: and second, a perception that his personal goals, e.g., product ideas, monetary compensation, participation in management, etc., had been rejected by the source organization either actively or by its adoption of policies incompatible with such goals.

Therefore, for the cases tudied the formation of both technology transfer

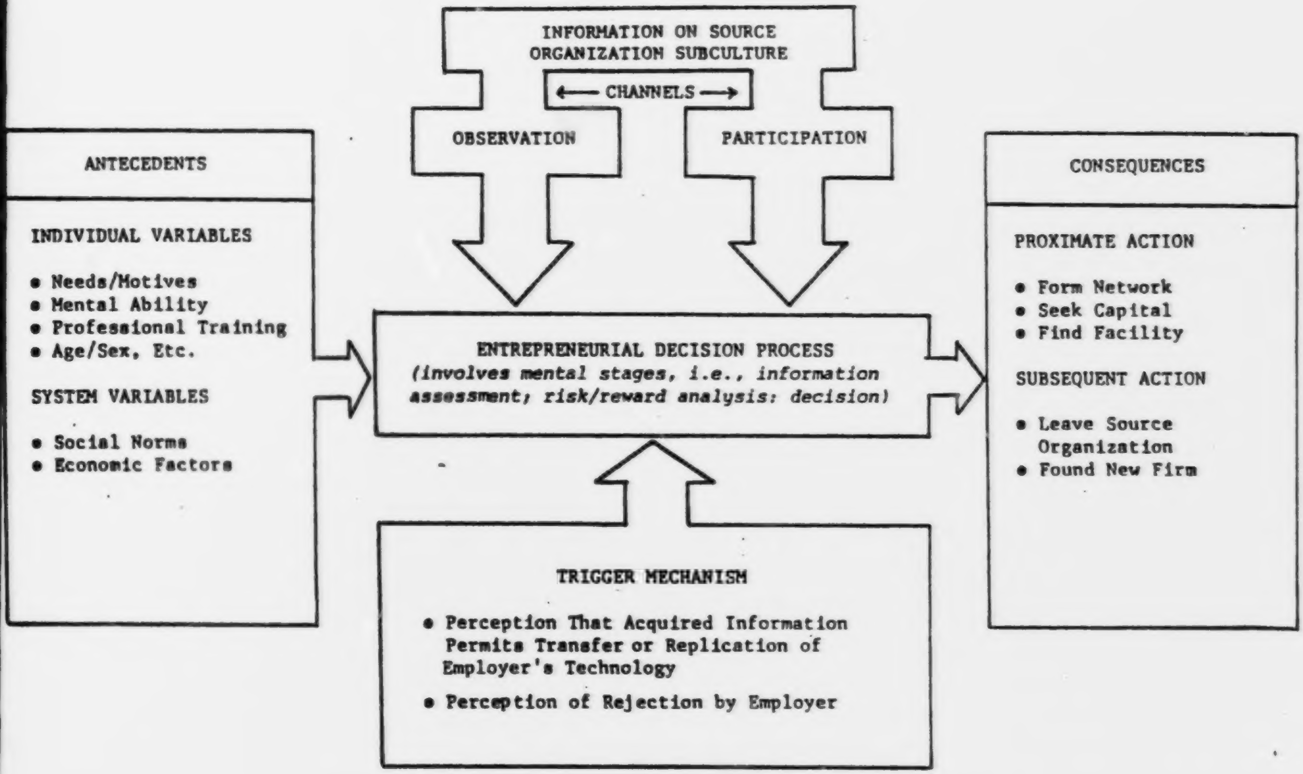
INFORMATION ON SOURCE ORGANIZATION SUBCULTURE
CHANNELS
OBSERVATION
PARTICIPATION
ANTECEDENTS
INDIVIDUAL VARIABLES
• Needs/Motives
• Mental Ability
• Professional Training
• Age/Sex, Etc.
SYSTEM VARIABLES
• Social Norms
• Economic Factors
ENTREPRENEURIAL DECISION PROCESS
(involves mental stages, i.e., information assessment; risk/reward analysis: decision)
CONSEQUENCES
PROXIMATE ACTION
• Form Network
• Seek Capital
• Find Facility
SUBSEQUENT ACTION
• Leave Source Organization
• Found New Firm
TRIGGER MECHANISM
• Perception That Acquired Information Permits Transfer or Replication of Employer's Technology
• Perception of Rejection by Employer

FIG. 3. MODEL OF THE GENESIS OF TRACERLAB SPIN-OFFS FOUNDED BY PRIMARY AND SECONDARY ENTREPRENEURS.

firms and fission firms involved participation in a source organization's subculture and a trigger mechanism. Of course, other factors were also involved. These include the personal attributes of the potential entrepreneur, e.g., psychological needs,* and the existence of an economic and social environment that is hospitable to new enterprise. These factors and constraints are shown schematically in Fig. 3.

However, the focus of this paper is on the role of the company subculture as an enabling mechanism for creating a pool of primary and secondary entrepreneurs. The case studies indicate that successful founders of firms of both types had a high degree of access to the Tracerlab subculture. In the case of fission-firms (other things being equal) individuals who overestimated their grasp of such knowledge failed to set up viable enterprises.

An extensive knowledge of the company subculture seems relatively more important for imitators than for innovators. Stated simply, the innovator has time and the imitator does not. The innovator has no competition (at first) which means that he has time to work out production techniques, methods of dealing with su-pliers, production employees, government agents, financial backers and, most important, customers. This is a trial and error process which takes time (Tracerlabo innovations required 1 to 2 years each). He can make serious mistakes and still not lose customers to competitors, for there are none. The secondary entrepreneur has at least one formidable competitor - his former employer. And if he emerges late in the product cycle, other competitors exist as well (preceding fission-firms, imitative divisions in existing companies, ad hoc entrepreneurs). The case studies of successful and unsuccessful fission-firms suggest that unless the secondary entrepreneur knows about as much as the primary entrepreneur in areas that can be categorized as production, administration and marketing, he is likely to fail. Indeed, the fission-firm data and that obtained from case studies of sales-rep firms and new venture divisions of existing companies suggests a correlation between the degree to which the founder had been enculturated at Tracerlab in the areas of production, administration and marketing and the possibility of creating a viable imitative spin-off of a specific type. This is shown schematically below.

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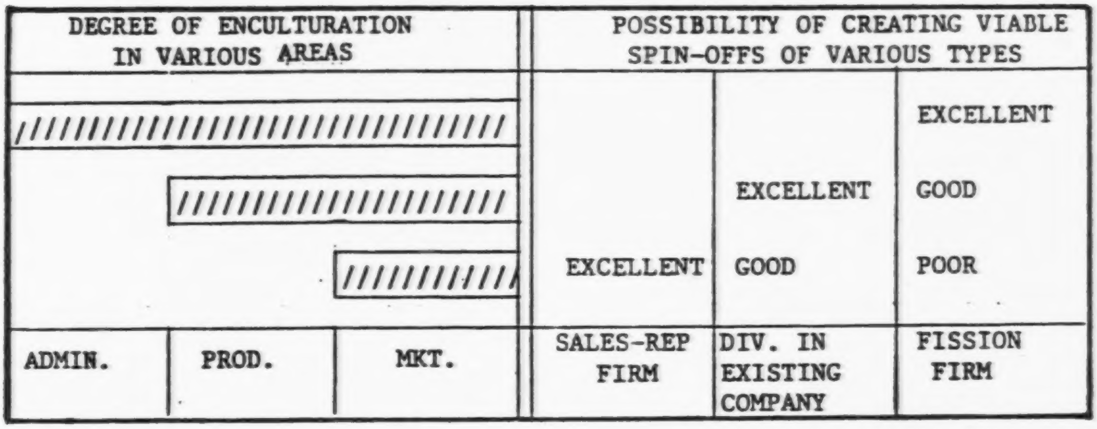
* For example, McClelland has posited the need for achievement as a characteristic attribute of entrepreneurs. Also, the concept that they are "marginal men" has been explored by several researchers. Thus, persons who perceive themselves as "in" but not "of" a given society because of ethnicity (Hagen) or certain life experiences (Collins and Moore) often find entrepreneurial activities the only channel open to them as a way to gain recognition of their values and beliefs by the larger societies. See, "Teh achieving society." D. C. McClelland, Van Nostrand, NJ (1961); "On the theory of social change." E.E. Hagen, The Corsey Press, IL (1962); and "The enterprising man." O.F. Collins and D. G. Moore, Michigan State University Press, MI (1964).

FIG. 4. CORRELATION OF FOUNDER ENCULTURATION WITH VIABILITY OF IMITATIVE SPIN-OFFS



Similarly, technology transfer firm data suggests that the ease with which new product viability is established is dependent on the familiarity of the founders with these three areas of source organization subculture. However, more important is the fact that in all cases an intimate knowledge of the source organization's subculture in one area, marketing, was a key factor in the conceptualization of an innovative new product based on the source organization's technology.*

An aspect of the model that requires further comment is the formation of networks. It was found that successful spin-offs of all types involved the establishment of relationships of confidence and trust among two or more potential entrepreneurs. Moreover, these individuals generally created a network involving other employees of the source organization as well. Such relationships were set up after the entrepreneurial decision was made but before the entrepreneurs formally resigned from the source organization. These networks were crucial to the viability of the new enterprises. It was found that the relationships involved in the networks were based on the assessment by the participants of each other's capability in two areas: (1) knowledge of the product-specific subculture of the source organization and (2) technical competence evidenced by professional training and experience. It was found that entrepreneurs who co-founded firms often complimented each other's knowledge of the source organization's subculture in order to set up such a network is another way in which the subculture acts as enabling mechanism for creating a pool of potential entrepreneurs.

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* Primary entrepreneurs are sometimes produced by institutions which do not overtly display a marketing organization, e.g., a university laboratory. However, their subcultures do involve some individuals in marketing in less obvious ways, i.e., the proposal-grant mechanism, consulting, interaction with scientific instrument salesmen, etc.

HYPOTHESES RELEVANT TO DEVELOPMENT STRATEGY AND THEIR IMPLICATIONS

Propositions that can be derived from this model are generalizable to the formation of science-based firms in the form of hypotheses. Those relevant to development strategy are:

1. The subculture of a source organization is an enabling factor in the creation of a pool of primary or secondary entrepreneurs.

2. Knowledge of the subculture of a source organization can only be obtained through a process akin to enculturation, i.e., one requiring interpersonal participation as well as observation.

3. Potential primary entrepreneurs are generally recruited from those technical workers of a source organization's R&D group who have (at least) access to the marketing area of the subculture.

4. Potential secondary entrepreneurs are generally recruited from those managers at various levels within the source organization who have (at least) access to marketing and production areas of the subculture.

The result of policies governing the establishment of off-shore science-based firms in Puerto Rico can now be considered in the context of these hypotheses.

1. Their formal organizational structure may or may not indicate the presence of functions associated with production, administration and marketing. But regardless of the formal structure, the reality appears to be that these firms are organized for production only. Structures associated with administration pertain only to production and do not deal (as they do in a "whole" firm) with financial backers, etc. Similarly (and most important), such firms do not deal with customers but rather ship their products to the parent firm or to various entre-pots. Thus, there is no real marketing activity.

2. Such firms are not the repository of the parent firm's research funds. Thus, they lack an internal technical R&D group that is ordinarily a part of any science-based firm.

In light of the four hypotheses just presented, it is hardly surprising that offshore firms characterized by production-oriented administration, a lack of any functional structure for marketing, and no $&D activity have failed to produce derivative indigenous entrepreneurial firms. Thus, though they may be manned from top to bottom with indigenous personnel, they have failed to create a pool of potential primary or secondary entrepreneurs capable of setting up viable domestic enterprises.

What modifications in policy do these hypotheses suggest? Clearly, it would be inappropriate to recommend policies that woul result in the fissioning of off-shore firms and the creation of imitative domestic entrepreneurial firms. This approach would quickly discourage the establishment of off-shore firms. However, it seems quite appropriate to formulate policies that would foster the creation of domestic technology transfer firms. Moreover, such firms are key elements in creating jobs since they may produce domestic fission-firms (two of the three innovative Tracerlab spin-offs produced fission-firms).* Thus, a multiplicative factor is associated with the establishment of technology transfer firms.

The objectives of such policies would be to create (source organizations" capable of generating a pool of potential primary entrepreneurs. Essential features of such organizations would be: (1) a technical R&D group, and (2) an organizational subculture which included a marketing area in which, at least, some R&D workers participate (see previous footnote).

RECOMMENDATIONS

Firm recommendations must await further research which validates the hypotheses derived from the model presented here. However, it is appropriate to ask the following question: Even if these hypotheses are validated, can any practical modification in Puerto Rican policy be suggested, That is, modifications that are politically and economically feasible. We believe this question can be answered in the affirmative. What follows are examples of strategies that make maximum use of already existing institutions and which require primarily only a change in the emphasis of present policies.

1. Research and development laboratories should be expanded at the University of Puerto Rico and created at other institutions of higher learning so that more highly-trained individuals can be exposed to technology development and marketing. These units can be supported by both government and industry through contracts with the institutions.

2. On a case-by-case basis the Economic Development Administration can create incentives for certain off-shore firms to encourage them to perform part of their research and development activities at their Puerto Rican subsidiaries and also to hire indigenous scientific personnel. This type of project would help more residents to be exposed to new technology and its marketing, two conditions necessary for the development of primary entrepreneurs.

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* The importance of small entrepreneurial firms in job creation has been established by a recent study which showed that two-thirds of all new jobs in 10 major metropolitan areas of the U.S. in the period 1969-1976 were due to young firms with less than 20 employees. See "Job creation in cities." D.L. Birch, M.I.T. Program on Neighborhood and REgional Change, MA (1980)

3. An internship program where college students participate and observe the technical and business activities of cooperating industrial firms as part of their education during the academic year, or summers should be developed. This internship should be geared toward science students who could gain experience in sophisticated labs of the sponsoring organizations. Such a program would also help these students to learn about business practices of participating firms.

4. A "new enterprise" division can be created at the Economic Development Administration. This division should help indigenouse entrepreneurs by: (a) providing advice regarding business practices; and (b) developing programs with the help of the Legislature to provide tax incentives, working capital and other financial programs that would insure an organization's position in the market during its first years.

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PART II

HISPANIC CONSUMER MARKET

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PART II: HISPANIC CONSUMER MARKET

The Hispanic consumer market is a very important element in the economic development process of the Hispanic community. First, it provides the main source of strength, the "niche", for a large portion of the Hispanic-owned enterprises (especially in the retail and service sectors). Many Hispanic entrepreneurs have developed successful businesses by providing products and services that adjust to the customs, preferences and language of this market. Secondly, the growth and purchasing power of this market segment has attracted the attention of non-Hispanic marketers and corporate executives. This increased awareness can be developed into a greater sensitivity towards other aspects of the Hispanic community. For example, this increased interest should be translated into more purchasing from Hispanic-owned firms; more recruitment of Hispanics for managerial and professional positions; and more recruitment of Hispanics for distributorships and franchise business opportunities. This will not occur automatically. However, the interest in Hispanics as a market provide a context where efforts to advance in those other areas may be more successful.

The presentations during the symposium, provide important insights about this market. Four presentations provided background information about the Hispanic market in general. A number of panels and papers discussed several specific topics related to advertising and marketing research issues. Two other papers discussed topics related to consumer education. The papers presented and the discussions are summarized below.

A. Demographic and Behavioral Characteristics of Hispanic Consumers

The paper by Anthony Petto compares demographic and cultural values in the Hispanic market with those of the White and Black populations. He presents a number of implications of these characteristics on the auto, housing, apparel, food, and home furnishing industries. The paper by David Loudon and Claude Simpson discusses different marketing strategies for this group of consumers. Product, promotional, media and language, message distribution channels, and pricing strategies are discussed. Issues pertaining to the segmentation of the Hispanic market are also introduced in this paper. It should be noted here that additional insights on the subject of segmentation and lifestyles are included in the paper on "Characteristics and Trends of the Hispanic Consumer Market in Chicago" in Part V of this book.

During the symposium, Peter Krieg made a presentation of the study "Spanish USA", that he helped to design as Vice President of the firm Yankelovich, Skelly and White. This widely publicized study is a major landmark in marketing research about the Hispanic consumer market. It included questions on attitudes, values, use of the Spanish language and of media, among other issues. The study is not printed here, however information on how to obtain a copy can be obtained by calling SIN National Television Network at (212) 953-7500.

The other paper in this category was contributed by Carl Larsen and Chem Narayana. This article provides survey information about specific product and brand preferences comparing Hispanic, Black and White householders in Chicago. A number of generalizations are made about the demographic characteristics, shopping behavior, and brand preferences of Hispanics based on this survey.

B. Advertising and Marketing Research Issues

Several of the discussions and presentations grouped in this section are in the leading edge of marketing research on Hispanics. The paper by Helena Czepiec tackles the issue of how to evaluate the effectiveness of how Hispanics are portrayed in the media. Henry Adams-Esquivel discusses the loss of meaning in textual translations.

The panel discussion organized by Francísco Coronel centers on an important subject for Hispanic advertising companies. The emergence of Hispanic divisions where major U.S. advertising firms present new challenges to the Hispanic advertising firms. The panel discussed opportunities for cooperation between Hispanic and non-Hispanic firms in this area. The subject of "Generic Spanish" was discussed at length by a panel and in two position papers. Alfredo Jarrín discussed the flexibility of the Spanish language, as well as how different words may be specialty effective or ineffective with different Hispanic audiences. Henry Adams-Esquivel presented a paper with an extensive discussion of the use of Spanish considering national and cultural differences. His treatment of linguistic factors by themselves as well as how these factors interact with psychological, social and motivational (operant-conditioning) factors deserves especially close attention from advertisers.

The paper by Mary Beth McCabe presents the issue of the disproportion between overall advertising expenditures and advertising allocations in the Spanish language media. Issues pertaining to relative cost and measurement were introduced.

The panel on Problems and Opportunities in Hispanic Marketing Research and the position paper by Loretta Adams provide a number of specific sources of error in Hispanic Consumer research. The paper presents several of the major types of biases and of errors that cannot be controlled statistically. Some of the problems encountered and methods appropriate for research across groups are discussed also.

C. Consumer Education

The paper by Marta Calas investigated the knowledge that the Puerto Rican consumers have regarding consumer legislation enacted for their protection. Results indicated that most participants in the study had fairly good knowledge of regulations related to deceptive advertising, and that lower-income groups in Puerto Rico have better access to consumer information than is often believed. The other paper studies the effect of inflation as one of the most pressing problems affecting the Puerto Rican family. A study by Jorge Vélez-Arocho compared how the prices of foods have increased in relation to the Consumer Price Index (CPI). The greatest impact is in the meat category since that is the largest portion of the food budget.

THE HISPANIC MARKET - A DEMOGRAPHIC AND CULTURAL PROFILE

Anthony C. Petto
DePaul University

This paper utilizes secondary data to obtain a comparative profile on demographic and cultural patterns among Hispanics, blacks, and whites. The aim of this research, while exploratory, finds considerably more demographic than cultural differences between Hispanics and other Americans. The marketing implications of these differences are explored.

INTRODUCTION

Within the marketing literature, there has been considerable discussion on demographic trends such as the baby "boom" to baby "bust" trend, the aging of America, and the shifting population toward Sunbelt states. In addition, marketers are well aware of changing cultural trends such as the declining emphasis on family and religious values and the trend toward improved health and physical fitness. But these demographic and cultural trends appear to apply primarily to white Americans. Largely overlooked in the marketing literature has been the growing importance of the Hispanic market which appears to show different demographic and cultural trends than that of white Americans.

The purpose of this article is to compare and contrast important demographic characteristics and cultural values in the Hispanic market with those of the white and black population. Important differences will also be pointed out within Hispanic subgroups -- Mexicans, Puerto Ricans, Cubans, and other Hispanics primarily from Central and South America. These comparative profiles provide exploratory background information and suggest hypotheses for future marketing research.

Obtaining information on Hispanics has been difficult because of the dearth of marketing research on this market. Fortunately, however, some information is available from the 1980 census and from recent studies by the firms of Yankelovich, Shelley, and White and the Strategy Research Corporation. Demographic characteristics will be discussed first, followed by cultural trends.

DEMOGRAPHIC CHARACTERISTICS

Size of Market

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[1] Communications should be addressed to Anthony C. Petto, Department of Marketing, DePaul University, Chicago, Illinois 60604.

The growing size of the Hispanic market has begun to attract the attention (Advertising Age, April 1981) of marketers. In 1980, it was nearly 15 million, up 61%, as shown in Table 1, from the 9.1 million in 1970. At this growth rate, the Hispanic population should exceed 24 million by 1980. However, this projection does not consider the estimated five to eight million unreported aliens which would give an upper Hispanic population estimate of 23 million. Although, many marketers, (William Lazer, 1980) are forecasting that Hispanics will outnumber blacks by 1990, this estimate depends on the continued inflow of about one million immigrants each year. But whether it is 1990 or 2010, it appears that the Hispanic population will soon become the nation's largest minority populaton. Meanwhile, however, Hispanics comprise 6.47% of the total population compared to 11.7% for blacks in 1980.

Table 1

U.S. Hispanic Population by Subgroups, 1980

	Number (000)	% of Total	% Change 1970-80[1]
Mexico	8,895.0	59.4	61.6
Puerto Rico	2,261.2	15.1	22.3
Central/South American	1,108.1	7.4	45.8
Cuba	883.5	5.9	-44.3
Other Hispanic	1,826.9	12.2	29.7
Total	14,974.8	100.0	

Source: Current Population Reports Population Profile of the United States: 1980, Series P-20, No. 363, June 1981.

As shown in Table 1, Mexicans comprise nearly 60% of all Hispanics in 1980, and were the fastest growing group since 1970. Puerto Ricans are the second largest Hispanic group totaling 15.1%. Cubans and those persons with Central/South American roots account for 5.8% and 7.4% of Hispanics respectively. Other Hispanics, in Table 1, which include the recent immigration from Haiti, total 12.2%.

Geographic Segmentation

The concentrated geographical nature of the Hispanic market appears to make it an attractive sales target for marketers. More than 60% of Hispanics live in only three states: California, Texas, and New York (Current Population Reports, 1981). Furthermore, Hispanic subgroups tend to dwell in certain states. Florida, for example, has the largest segment of Cubans, New York is the destination for most Puerto Ricans, and Texas has the largest population of Mexicans. Illinois, the midwest state having the largest number of Hispanics, has a more balanced mix of Puerto Ricans, Mexicans, and Cubans.

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[1] Comparisons between the 1970 and 1980 Hispanic populations are not strictly comparable because of changes in definitions of Hispanics by the U.S. Census.

Unlike whites which have been migrating from major cities, Hispanics have been flowing into them. For example, Chicago which lost 10.8% of its population from 1970 to 1980 had a rapid growth of 176,204 Hispanics over this period (Chicago Geographic Area Study, 1981). Chicago, with 14% of its population Hispanic, ranks third among major Hispanic markets in 1980 as shown in Table 2.

Table 2

Major Hispanic Cities, 1980

Rank	City	Hispanic Pop. 1980	% of City Population	% of U.S. Hispanic Population
1	New York, NY	1,405,957	19.9	9.6
2	Los Angeles, CA	815,989	27.5	5.6
3	Chicago, IL	422,061	14.0	2.9
4	San Antonio, TX	421,774	53.7	2.9
5	Houston, TX	281,224	17.6	1.9
6	El Paso, TX	265,819	62.5	1.8
7	Miami, FL	194,087	55.9	1.3
8	San Jose, CA	140,574	22.1	1.0
9	San Diego, CA	130,610	14.9	.9
10	Phoenix, AZ	115,572	14.6	.8
11	Alburquerque, NM	112,084	33.8	.8
12	Dallas, TX	111,082	12.3	.8
13	Corpus Christi, TX	108,175	46.6	.7
14	Hialeah, FL	107,908	74.3	.7
15	Denver, CO	91,937	18.7	.6
16	Santa Ana, CA	90,646	44.5	.6
17	Laredo, TX	85,076	93.0	.6
18	San Francisco, CA	83,373	12.3	.6
19	Tucson, AZ	82,189	24.9	.6
20	Brownsville, TX	71,139	83.7	.5
21	Austin, TX	64,766	18.7	.4
22	Philadelphia, PA	63,570	3.8	.4
23	Newark, NJ	61,254	3.8	.4
24	Fresno, CA	51,489	23.6	.4
25	Long Beach, CA	50,700	14.0	.3

Source: Sales and Marketing Management, July 27, 1981

Several cities in Texas, such as San Antonio, El Paso, and Laredo, have relatively large concentrations of Hispanics (Table 2). These cities, in the Southwest Sunbelt, are expected to grow rapidly in the 1980s and Hispanics will likely grow with them.

The concentrated geographic segmentation of the Hispanic market in part makes it very efficient to reach with a variety of media strategies. For example, research (Peter Armald, 1981) shows that one million dollars spent in the Hispanic market buys about five times the number of message units compared with the non-Hispanic market.

Size and Type of Families

Married couples are the dominant family type for Hispanics. As shown in Table 3, whites and Hispanic families are primarily composed of married couples while black families have a large population of families with a female head.

Table 3

Type and Size of Family: Hispanics, Whites, and Blacks; 1980

Type of Family	Hispanic	White	Black
Married Couples	76.5	85.6	55.5
Female Headed Families	19.2	11.6	40.2
Size of Family			
Percent 5 or more persons	30.0	16.0	24.1

Source: Current Population Reports, Population Profile of United States: 1980, Series D-20, No. 363, June 1981.

Hispanic families are also quite large. In 1980, 30% of Hispanic families had five or more persons compared to only 16% for whites and 24.1% for blacks as shown in Table 3. In addition, the average family size was 3.7 for Hispanics compared to 2.8 for whites in 1980 (Current Population Reports, 1980).

The above differences in family size can be attributed in part to the baby "boom" to baby "bust" trend which describes the white population. While that baby boom continues for Hispanics, white birth rates have dropped below their 2.0 replacement ratios (Statistical Abstract of the United States, 1979).

Although Hispanic families currently are much larger, the trend for very large Hispanic families appears to be declining. For example, 18% of Hispanic women reported having five or more children compared to 11% for non-Hispanic women in 1970. But in 1978, the differences narrowed to 11% for Hispanics and 7% for non-Hispanics (Current Population Reports, 1980).

Table 4

Demographic Characteristics Within Hispanic Markets, 1980 and 1981

	Mexican	Puerto Rican	Cuban	Other Hispanics
Family Size, all persons				
Mean number of persons	4.07	3.67	3.58	3.37
Age				
Median Age	21.1	19.9	36.6	23.5
Education, all persons				
% compl. 4 years HS or more	34.9	38.6	50.4	60.8
Family Income (1981)[1]				
Average family income	16,300	11,400	21,300	16,100
% less than 10,000	38	52	15	35
% 20,000 or more	30	8	47	30
Home Ownership (1981)				
% Own home/apartment	55	21	61	28
Credit Cards (1981)				
% using Visa/Master	20	32	76	31
% using Department Store	32	22	43	17
Occupations, males				
% White collar	19.4	24.9	35.3	33.1
% Blue collar	61.3	52.5	52.8	52.0
Labor Force Status				
% unemployed, both sexes	8.4	13.4	8.7	6.9

Source: All data comes from Current Population Reports, 1980, Series P-20, No. 363 and Current Population Reports, Series P-20, No. 364 unless otherwise noted.

Within the Hispanic population large family size is characteristic for all groups. As shown in Table 4, Mexicans have only a slightly larger average family size than other Hispanic groups.

Age Structure

In contrast to the "graying" trend for white Americans (Wall Street Journal, 1980), Hispanics show a youthful market. For example, the medium age of Hispanics is only 23.2 compared to 31.3 for whites as shown in Table 5. Blacks, with a medium age of 24.9 also show a large youth market.

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[1] Income, home ownership, and credit card data come from Spanish USA: A Study of the Hispanic Market in the U.S., by Yankelovich, Shelley, and White, 1981.

Table 5

Population by Age Group: Hispanic, Whites, and Blacks; 1979

	Hispanic	White	Black
Percent Distribution			
Less than age 20	43.0	30.3	40.1
Ages 5 to 14	20.6	14.6	19.5
Over age 45	18.2	32.9	23.7
Median Age	23.2	31.3	24.9

Source: Current Population Reports, Persons of Spanish Origin in the U.S., March 1979, Series P-20, No. 354, October, 1980.

In addition to being sizable, the Hispanic youth market will also likely grow rapidly in the 1980s. For example, forty-three percent of all Hispanics were less than age 20 compared to thirty percent for whites in 1980 (Table 5). Therefore, it is expected that a larger number of newly formed Hispanic families will occur in the 1980s. In contrast, the over age 55 market will be the major target group for those firms aiming at the white market because, from Table 5, 32.9% of whites in 1980 were over age 45 compared to 18.2% for Hispanics. Furthermore, the over age 55 white market has considerable buying power (Nation's Business, 1981). Certain industries, such as travel and health care, will target their messages primarily to the white market while industries such as food and home furnishing should aim at the Hispanic market.

Within the Hispanic population, Cubans are a notable exception to the sizable youth market. In fact, Cubans, as shown in Table 4, have a median age of 36.6 which was higher than the median for whites in 1979.

Education Levels

Relatively low educational levels characterize the Hispanic market in 1980. For example, only 45.3% of Hispanics over age 25 have completed high school compared to 70.5% for whites, as shown in Table 6. Blacks also had poor educational levels in 1980. However, educational levels are showing some improvement because over 57% of Hispanics 25 to 29 years old have completed four or more years of high school compared to 34% for Hispanics in ages 45 to 64 (Current Population Reports, 1981). Furthermore, as shown in Table 6, Hispanics with college education totaled 9% in 1980, up from 4.3% in 1973.

Table 6

Educational Levels: Hispanics, Whites, and Blacks; 1980

Educational Levels (over age 25)	Hispanic	White	Black
% HS graduates	45.3	70.5	51.2
% 4 or more years of college	9.0	25.3	12.6

Source: Current Populations Reports, Population Profile of the United States: 1980, Series P-20, No. 363

Although low levels of education characterize the Hispanic market, it is also important to note the diversity within this market. For example, as shown in Table 4, Cubans and other Hispanics have much higher levels of education than Mexicans and Puerto Ricans. Educational levels are important to marketers because they determine in part future buying power, social class as well as the type of media and message to reach this market.

Income and Buying Power

Despite low levels of education, Hispanic families earned a median family income of $14,569 in 1979 -- much higher than that for black families ($11,644) but considerably below the median income of $20,500 for whites (Table 7). Within the Hispanic market there is also considerable income inequality as shown in Table 7. Over 20% of Hispanics earned over 25,000 in 1979 the latest year for which income data is available. However, 21.6% of Hispanics were below the poverty level, a figure, however, lower than the 26.6% for blacks (Table 7).

Table 7

Income Levels: Hispanic, Whites, and Blacks; 1979

	Hispanic	White	Black
Median Family Income	$14,569	$20,502	$11,644
% over $25,000	20.7	36.7	17.1
% below poverty level	21.6	8.0	26.6

The income disparity within the Hispanic market can be largely explained by the considerable income and wealth of Cubans compared with lower levels for Puerto Ricans. According to results shown in Table 4, Cubans earned $21,300 while Puerto Ricans earned only $11,400 in 1981. Furthermore, the data also shows that Cubans had much higher rates for home ownership and for usage of credit cards than other Hispanic groups. In fact, as shown in Table 4, Hispanics tend to pay primarily in cash since credit cards are used infrequently.

Has the dual family worker trend been largely responsible for the sizable Hispanic incomes? It appears this trend does explain part of the Hispanic earnings because the wife received income in 78% of Hispanic families. Hispanic women, in married couple families, earned an average of $5,151 in 1979 which was about equal to the $5,551 earned by white women in similar families (Current Population Reports, 1980). Other research also shows a considerable incidence of dual wage activity. For example, 24% of Hispanics and 25% of non-Hispanics in married households were considered "dual wage earners" (Yankelovich, et al, 1981). The above sizable incomes for Hispanics suggest considerable buying power. In 1980, Strategy Research Corporation estimated the Hispanic market to have a sales potential of "30 billion dollars."

Occupation and Labor Force Status

Occupation, a variable partly measuring social class, also is useful in segmenting the Hispanic market. Compared with whites and blacks, Hispanics have a considerably larger number of workers in blue collar occupations. Specifically, from Table 8, Hispanics had 45.6% of their workers in blue collar occupations compared to 37.3% for blacks and 31.1% for whites. For Hispanic women, however, different patterns emerge. For example, more Hispanic women are entering white collar jobs over time -- 48% in 1979 compared with 40.9% in 1969 (Current Population Reports, 1980).

Table 8

Occupation and Labor Force Status: Hispanic, White, and Black; 1980

	Hispanic	White	Black
Occupation			
% White collar	35.0	53.9	35.0
% Blue collar	45.6	31.1	37.3
Labor Force Status			
% Unemployed, all persons	8.9	6.3	14.1

Source: Current Population Reports, Population Profile of the United States: 1980, Series P-20, No. 363, 1981

The above occupational pattern was not uniform, however, within the Hispanic market. Cuban workers, for example, were much more likely than other Hispanics to be in white collar occupations. Cubans have been notably successful as business owners and managers in Florida. The 1980 census data, shown in Table 4, supports this view. In addition, other research (Yankelovich, 1981) showed that 28% of all Cuban workers were classified as professional managers and owners compared to 12% for all Hispanics.

Given the youthful age structure and low educational levels in the Hispanic market, it is surprising to find relatively low levels of unemployment. For example, as shown in Table 8, unemployment rates for Hispanics was 9.8% -- much lower than the 14.1% for blacks. As shown in Table 4, Puerto Ricans have considerably higher unemployment rates than for other Hispanics.

Hispanic Demographics - Marketing Implications for the 1980s

From the above demographic profile, the rapidly growing Hispanic market can be described as primarily; urban, young, blue collar, Roman Catholic, married couples with large size families, low educational levels, but with substantial incomes. Cubans, however, were a notable exception to this profile because the data shows that they were much older, had higher incomes, and were more likely to be found in white collar occupations compared with other Hispanics.

The above profile of the Hispanic market shows it to be considerably different from that of white Americans. In particular, Hispanics are still in the baby "boom" stage which will likely continue into the 1980s because of the large number of young households that will be forming. In contrast, marketers are well aware of the baby "bust" pattern of white households and are now focusing on the over age 55 market. Meanwhile, the Hispanic age segment having the most market potential appears to be the youth market, especially ages 15 to 24. This segment will be important in the 1980s because newly formed families will have needs for housing, food products, and many basic household items.

The general impact of the above Hispanic demographic trends in the 1980s upon several large industries are shown in Table 9. For automobiles, the industry should focus on the large youth segment that will be forming new households. Certain types of automobiles will key on this market, but whether or not Hispanics will be big spenders in this market is not certain. The used car market is more likely for most young Hispanics but recent research (Hispanic Opinion and Preference Research, 1981) indicates that 15% of the Hispanics surveyed bought new cars last year and 20% plan to buy new cars next year. Only 13% planned to buy a used car. Since other research (Chicago Tribune, 1981) suggests that Hispanics are likely to be loyal and supportive of their governments, perhaps a "Buy American" theme would be effective new car marketing strategy.

Table 9

Market Impacts of Hispanic Demographic Trends in the 1980s

Industries	Growing Youth Market	Larger Family Size Market
Automobiles	Will buy more cars, perhaps mostly used	Large automobiles
Housing	Large demand as households form	Larger older homes or apartments will likely benefit
Apparel	Large growth	Large spending on low--margin items
Food	Large spending on baby food as households form	Spend a larger percent on food, and on large size packages
Home Furnishing	More households will need basic furniture, such as carpets, TVs, stoves and refrigerators	More furnishings as households grow larger

The housing industry is also likely to benefit from the growing Hispanic youth market. Older homes and rental apartments, especially for Puerto Ricans, would appear most in demand by Hispanics. In addition, these newly formed households will need basic household furnishings shown in Table 9, such as carpets, televisions, stoves, and refrigerators. A recent survey among Hispanics (Advertising Age, 1981), indicates that next year, 15% plan to buy television sets, 13% plan to buy a stero set, and 8%, a refrigerator.

The apparel industry is also likely to focus on the growing Hispanic market in the 1980s. If Hispanics follow the lifestyle of traditional blue collar customers, then they should buy clothes primarily from discount department stores, mass merchandisers, and national chains. In short, they should be inflation-impacted shoppers with research (Yankelovich, et al, 1981) suggesting they also are quality oriented with preferences for nationally advertised brands. While there is evidence that Hispanics desire to keep up on new styles, research (Yankelovich, et al, 1981) also shows that they are very individualistic. Therefore, nonconformity values suggest that Hispanics are not likely to be fashion involved type shoppers. In short, designer high fashion jeans are not likely to capture a large share of the Hispanic youth market. However, this is a hypothesis which needs market research for support. Of particular importance, would be research determining the strength and influence of the Hispanic culture upon the buying behavior of young Hispanics. Some evidence (Yankelovich, et al, 1981) suggest that Hispanic youth are less traditional, less family oriented, and watch less Spanish language television than older Hispanics.

As the large Hispanic youth market begins to form new households in the 1980s, a larger percent of their budget will be spent on food products. In addition, as shown in Table 9, larger size families will tend to prefer large size packages. However, beyond these obvious generalizations, particular food buying patterns of Hispanics are not clear. Some research (Kizilbash and Garman, 1976) does show, however, that Hispanics are likely to buy special cuts of meats from the neighborhood Spanish-owned grocery store, and buy basic food products at supermarkets. Furthermore, (Andreasen, 1979) notes that the geographic "shopping scope" of Hispanic is rather narrow particularly for recent immigrants who obviously are limited to Spanish-speaking neighborhood stores. However, for bilingual Hispanics, the evidence on their shopping patterns regarding the tradeoff between supermarkets and neighborhood stores isn't available. Also, as stated above, research (Yankelovich, et al, 1981) shows that Hispanics are quality oriented consumers, prefer brand names, have a high degree of brand loyalty yet have an openness to try new products. These findings suggest that Hispanics are more willing to accept higher prices in return for more quality. Hence they would not appear to be a large market for generics or dealer brands. However, further research is needed to support this hypothesis.

Additional market research is also needed on the effectiveness of sales promotions such as coupons on the buying habits of Hispanics. Recent evidence (Advertising Age, 1981) is conflicting on the preferences of Hispanics for coupons.

Cultural Values

The cultural values of the Hispanic market appear deep-rooted with many values significantly different than those of other Americans. It is important that marketers understand these values in order to dovetail their marketing strategies to this target population. Possible reasons for these strong cultural values are as follows:

1. Strong family orientations in the Hispanic culture

2. The extreme geographic concentration of Hispanics tends to reinforce cultural values

3. Close proximity of many Hispanics to their native countries permits frequent visits which perpetrates their traditional values

4. The Spanish language appears to be a unifying factor which spreads cultural values among all Hispanics

Obviously, cultural values have a strong influence on buying ethnic foods. In addition, research (Strategy Research Corporation, 1981) shows that Hispanics in major markets tend to have much larger usage rates than non-Hispanics for products such as baby food, canned spaghetti, fruit nectar, malt liquor (malta in Miami), beer, and soft drinks (except diet). On the other hand, Hispanics have much lower purchasing rates for frozen dinners and frozen vegetables.

Beyond food usage rates, however, there is little research on the influence of the Hispanic subculture upon buying patterns. In contrast, marketers (Schieve, 1976) have much more knowledge on the influence of the black subculture upon brand preferences for home furnishings, clothing, and transportation. However, cross-cultural research within the United States on buyer behavior (Leigh and Martin, 1981) appears lacking.

In addition to cross cultural studies, detail lifestyle and benefit segmentation studies are needed on Hispanics in different markets. Hispanics in the Southwest are likely to have different lifestyles than their counterparts in Chicago. However, only general segmentation studies (Cervantes, 1981) on the bilingual, Mexican market are available.

A national study (Yankelovich, 1981) was recently completed comparing cultural values and lifestyles among Hispanics and non-Hispanics. But despite the strong cultural values noted above, the Yankelovich study found considerable similarity between Hispanics and other Americans on many cultural values. For example, both Hispanics and other Americans were found to have similar strong family values, similar values on individualism, and on being physically fit and attractive. In fact, Hispanics were found to be more "American" than other Americans by being more upwardly mobile and more materialistic. The Yankelovich study, while very comprehensive, apparently was not large enough (646 personal interviews) for significant analysis to be made by age categories within Hispanic groups. Response by age on cultural values would yield important information on the extent that younger Hispanics are assimilated into American society.

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TARGETING THE HISPANIC CONSUMER MARKET

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The Hispanic subculture is a significant component of the United States economy. Although the market offers a large opportunity for development by businesses, it has been largely ignored by consumer goods companies. This paper describes the nature of the Hispanic consumer segment and discusses marketing strategies for this group.

INTRODUCTION

Hispanics are this nation's second largest and fastest growing minority. In fact, projections indicate that by 1985 the Hispanic population will be the largest minority in the United States (22). Further, the Hispanic population in the United States makes this country the fifth largest Spanish-speaking country in the world (15) (20).

Clearly, then, the Hispanic subculture is an important part of the economy of the United States and represents an extremely important market for development by businesses. However, the market has been largely ignored by consumer goods companies. It is a market that generally has not been effectively appealed to. The purpose of this paper, therefore, is to bring this market more clearly into focus for the marketer by describing some of its features and suggesting viable marketing strategies to attract this group. First, the importance of the Hispanic market will be brought into perspective by presenting its significant features. Second, the need for greater research on Hispanics will be discussed. Third, research findings concerning marketing strategy elements will be addressed. Finally, the need for market segmentation will be stressed.

DEMOGRAPHIC CHARACTERISTICS

The Hispanic market differs radically from other ethnic segments and from mainstream America in that it is continually infused with new immigrants from various parts of the Spanish-speaking world. The old country is never very far away, either symbolically or geographically. This

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group clings tenaciously to the Spanish language, the Catholic Church and the family unit. Indications also are that Hispanics are not assimilating into the mainstream of America as have other ethnic groups in the past (4) (17). Many Hispanics, while they like the idea of being Americans, want to keep their culture and language, even though most of the legal residents can read, write, and speak English. Thus, Latinos are not nearly as inclined to Americanize themselves as are many other ethnic groups (12).

Size and Distribution

In 1980 the size of this market was approximately 14.6 million people. Between 1970 and 1980, this segment increased by 61 percent (partially due to a more complete count of all Hispanics, including the very large number of illegal Hispanic aliens in the U.S.). During this period the Hispanic's proportion of the U.S. population grew from 4.7 to 6.4 percent (27). Table 1 presents the population totals and the origins of this population as of 1979.

Table 1

Spanish-Origin Population by Type of Spanish Origin:
March 1979
(For the United States. In thousands)

Type origin	Number	Percent
Mexican	7,326	60.6
Puerto Rican	1,748	14.5
Cuban	794	6.6
Central or South American	840	7.0
Other	1,371	11.4
Totals	12,079	100.0

Source: Persons of Spanish Origin in the United States: March 1979. U.S. Department of Commerce Population Characteristics, Series P-20, No. 354, October 1980.

The largest segments within the Hispanic market are Mexicans, Puerto Ricans, and Cubans. Central and South Americans as well as the "other" segments are growing and cannot be ignored as a part of the Hispanic market.

Location

The Spanish subculture is largely an urban population group. For example, in 1979, 85.1 percent of all Spanish-Americans lived in metropolitan areas compared to 65.8 percent of the non-Hispanic population. Moreover, the Hispanic population is concentrated heavily in the "Sunbelt" region. See Table 2 for a presentation of the locations of Hispanics.

Table 2

Location of Hispanics in the United States
(in thousands)

Area	Number	Percent
United States	12,079	5.6
Florida	795	9.2
Illinois	518	4.7
Michigan	193	2.1
New Jersey	445	6.1
New York	1,393	8.0
Pennsylvania	174	1.5
5 Southwestern States	7,220	17.4
Arizona	408	17.0
California	3,508	15.8
Colorado	255	9.4
New Mexico	380	31.2
Texas	2,670	20.4
Remainder of U.S.	1,341	1.2

Source: Persons of Spanish Origin in the United States: March 1979. U.S. Department of Commerce Population Characteristics, Series P-20, No. 354, October 1980.

Income and Employment Patterns

The income level of Hispanic families is significantly lower than families of non-Hispanic origin. The median income for Hispanic families in 1978 was $12,600 compared to $17,900 for non-Hispanic families. In higher income brackets this disparity continues with only 13.5 percent of Hispanic families earning over $25,000 compared to 28.6 percent of the families of non-Hispanic origin.

Occupations of men of Hispanic origin are predominantly blue-collar in nature. Approximately 58 percent of Hispanic men are blue-collar workers, while only 24 percent work at while-collar occupations.

Education

Hispanics, generally attain a lower level of education than do non-Hispanics. Among people 25 to 29 years of age approximately 57 percent have completed high school as compared to over 87 percent of persons of non-Hispanic origin. Only about 7 percent of Hispanics complete college as compared to 17 percent for the non-Hispanic population.

Hispanics believe saber es poder (knowledge is power) and younger Hispanics are rapidly closing the educational gap. This belief is indicated by the fact that in 1970 only about 48 percent of persons 25 to 29 had completed high school as compared to the 57 percent in 1979.

Family Patterns

Hispanic families are, on the average, larger than non-Hispanic families with the mean number of persons in the Spanish origin family being 3.85 as compared to 3.28 for non-Spanish origin families. The family unit also appears to be stronger than does the family unit for non-Hispanics, indicating some concern about the deterioration of the family unit.

The Hispanic market is a much younger market than is the non-Hispanic market. Approximately 41 percent of the Hispanic market is less than 18 years of age as compared to 28 percent for the non-Spanish origin population. The median age for Hispanics is 22 years and for non-Hispanics it is 30 years.

HISPANIC MARKETING RESEARCH

A serious lack of basic research data exists about the Hispanic market. The major market research firms have undertaken few studies of this group because neither they nor their advertising clients have in the past been willing to support such research. This lack of research data, in turn, dulled companies' interest in pursuing the Hispanic market.

Advertising agencies and marketing research firms oriented toward this market are now developing, however. As a result, increasing attention is being focused on what is unknown about the Hispanic market. Several new research services are gathering data on ethnic buying patterns, attitudes, and opinions. One service for the packaged goods industry, for example, will now gather dollar volume and market share data by product category, brand, and item for Hispanics and non-Hispanics so that a better understanding of buying pattern differences will develop (25).

Although marketing research within the Hispanic market may be more difficult than in the Anglo market, good research is possible. Several myths have developed, however, concerning the conduct of consumer research among Hispanics. Some of these research myths are listed below (1) (2).

- Hispanic nationals have to be interviewed by their own kind.
- Telephone interviews are not possible.
- Hispanic men won't supply demographic data in personal interviews.
- Different questions are needed for different subgroups.
- Good translations from English to Spanish ensure good research.
- Scales used in English-language questionnaires can be transferred validly to Spanish-language research.
- Hispanics categorize products the same as the general population.
- Hispanics must be interviewed in their homes.

Despite the lack of existing in-depth consumer research there are some useful findings that marketers should be aware when considering entering the Hispanic market. These guidelines are presented below.

CONSUMER BEHAVIOR AND MARKETING IMPLICATONS

An increasing number of businesses are realizing the significance of the Hispanic market and are moving to sell products within this segment. However, this change in orientation has been slow to occur. In addition, far too many companies are still relatively ignorant about the need for marketing adaptation in order to successfully attract to this market. The marketer must give special attention to questions that relate to the product, promotion, pricing and channel of distribution strategies that the business traditionally has used to sell in other market segments. Specifically, will the same marketing strategies that work among non-Hispanics work in the Hispanic market segment? This section will address some of the changes in strategies and tactics which may become necessary in attracting this group.

Product Strategies

The marketer should be aware that the Hispanic market is highly individualistic in its product and brand preferences. This individualism is often reflective of cultural differences. In some product categories the Hispanic segment is very significant. For example, Hispanics spend approximately twice as much per week on food purchases than do non-Hispanics, in part because of larger family size (26). In addition, a larger number of Spanish households are frequent visitors of fast-food restaurants. For example, 20 percent of Spanish homes visit such outlets more than once a week, versus 9 percent of the non-Spanish homes (5). Hispanics are also heavier consumers of beverages. For example, the Schaefer Brewing Company estimates beer consumption among Hispanics to be 1.5 times greater than the national average.

Hispanics evidence a high degree of brand loyalty which has evolved from their trust of well known or familiar brands (29) (26). Such strong Hispanic brand loyalty can be a significant resource for a company. For example, a market research study within the Los Angeles market shows that Hispanics prefer U.S. autos over imports by a 9 percent margin. Thus, they have a greater likelihood of purchasing U.S. cars than do Anglo new car buyers. This finding should be of much interest to U.S. car manufacturers such as Chrysler in their battles with foreign imports. Despite this favorable Hispanic predisposition toward domestic cars, however, Chrysler has only recently begun to advertise specifically to this group via Spanish-language ads (7) (26).

A strong perceived risk exists among Hispanics attached to trying a new or different product. While low incomes are a constraint to trying new products, there are other factors such as their conservative shopping habits and the inability to read and understand English that may also inhibit new product purchases among a large portion of this group. Finally, because of value differences between this group and mainstream America, new product benefits often seem superficial and nonsensical to Hispanics (13). Thus, introducing a new brand to this market can be difficult. However, a marketing program carefully tailored to the Latin's self-image and interests can be effective in gaining successful entry into this market.

Where developing new-product plans the marketer should investigate this group carefully to determine its receptivity to the innovation being considered. Packaging of products being offered to the Hispanic market must be carefully adapted to their needs. For example, Campbell's Soups once had little success in the Hispanic market because many consumers were unaware of the product. Hispanics lacked familiarity with the concept of condensed soup and labels offered no clarification by providing pictures illustrating the use of the soup. In addition, many people misread soup labels, purchasing "Cream of Celery" soup thinking it was cereal (24). Hispanics also misperceived Campbell's "Manhandler's" soups as being made by the hands of men (16). Through careful and effective advertising in Hispanic media, however, Campbell's was able to successfully change these misinterpretations and has built a lucrative Hispanic clientele.

Generally, very littel product adjustments to the demands of the Hispanic market have been made. Adjustments which have been made are primarily in the area of food products; specifically in packaging, where instructions and promotions are often printed in English as well as in Spanish. Certainly, a business that is interested in the Hispanic market, should at least consider minor expenditures to adjust the product's package to include Spanish language instructions and promotional messages. Further penetration in the Hispanic market could be enhanced by adapting the product to meet special Hispanic tastes.

Promotional Strategies

Many companies are beginning to take greater note of the Hispanic market and are increasing their promotion expenditures accordingly. For example, Campbell Soup Company increased its Hispanic advertising by 40 to 50 percent during the period 1972-80 while Scott Paper Co. pushed its ad budget for this group up more than fivefold between 1976 and 1980.

In addition, catalog retailers such as J. C. Penney have begun to include Spanish language indexes and other information in catalogs it distributes (12). When making promotion decisions, several factors must be considered: media, language, and appeals.

Media and Language

The Hispanic market, although concentrated georgraphically in urban areas, is sometimes difficult to reach because of the language barrier. One survey found that approximately 72 percent of the Puerto Ricans, 87 percent of the Cubans, and 47 percent of the Mexicans living in the United Stated speak mostly Spanish at home. Even among Hispanic teenagers such as those in Dade County, Florida (Miami) 60 percent speak Spanish most frequently (8). Therefore, to effectively reach this market Spanish language media must be used (24) (29). The major Hispanic media vehicles consist of television, radio and print.

Television has developed into an important medium for Spanish advertising with thirteen stations in the United States and five more just across the border. One study found that 64 percent of the Spanish households in the New York City area were tuned in to a Spanish television station during one weekday evening at prime time (24). With Spanish television ownership at approximately the same level as the general population, the increase in UHF television penetration, and the addition of Mexican stations to cable networks, the marketer is increasingly able to reach the Hispanic segment by using this medium. Although television may cost more than radio, Spanish television generally costs much less per thousand viewers reached than general market television. The medium is excellent because of its color impact on the consumer, its ability to show what products look like and how they perform, its immediacy and memorability. In addition, for reaching Hispanic children the medium is extremely effective (9).

Radio is also an important medium for the Spanish-American market (20). There are at least 180 United States radio stations that present Spanish language programming on a full or part-time basis. Radio ownership in this market is comparable to that for all U.S. radio households. Moreover, Hispanics are heavier listeners than non-Hipanics (23). A survey of New York Spanish speaking households showed median daily listening of more than four hours per day, compared to average adult listeing of 2.5 hours per day for all United States radio households. In addition to being heavy listeners, about 60 to 80 percent of their listening is to Spanish-language programming (18). Spanish teens, however, devote 61 percent of their listening time to contemporary music stations versus only 14 percent for Spanish stations, and almost as much time listening to black radio (19).

Radio is a very effective medium for several reasons: It is inexpensive and flexible; it is acessible when Spanish television may not be on the air (such as mornings); it reaches Hispanics as they engage in day-to-day mobility; and it is often played in the small stores where many Hispanics shop (26).

Print media, including magazines and newspapers, are also used to reach the Spanish-American market. These media, however, tend to have much less value than other media because of lower literacy rates. However, this medium cannot be overlooked for the richer, better educated Hispanic.

Effective Promotional Messages

For advertising to the Spanish-American market to be successful, the communication must fit the people's subculture. Unfavorable stereotypes -- such as always picturing Mexicans as people who have colorful clothes, eat tacos, and live in quaint adobe houses -- will tend to be rejected by Hispanics. Ads that are likely to be most meaningful should be authentically Latin in setting and language, and highly personal in approach (21).

Numerous companies have been criticized for taking the language factor too lightly in advertising to Hispanics. Instead of producing a Spanish language commercial, for example, some firms will take a commercial made for the English-speaking market and dub over the soundtrack in Spanish. More companies are recognizing the need for tailored Hispanic advertising. However, as Procter and Gamble has found, there are some limited instances where dubbing may be necessary -- such as when there's an unexpected chance to obtain a prime Spanish-media commercial slot and preparation time is limited (12). Similarly, Sears dubs some ads because different mechandise is being advertised all the time (12).

If the marketer does resort to dubbing with a Spanish voice-over, equal attention must be given to the appropriateness of the video portion of the ad. An Anglo face or setting with a Spanish voice will tend to be less credible among Hispanics. However, a well-known Anglo advertising personality may sometimes be effectively used in this market. For example, the late Colonel Sanders successfully appeared in Kentucky Fried Chicken ads speaking Spanish.

Because of the diverse dialects among Puerto Ricans, Cubans, and Mexicans in the U.S. some marketers have sought to avoid the language difficulty by utilizing an accentless, non-idiomatic Spanish understandable by all. Ads for Sears Die-Hard batteries and Cross Pens use such neutral Spanish. Print and outdoor ads often keep the language simple so that changes from one area dialect to another are eliminated. Budweiser outdoor advertising is a good example of this approach.

Companies are increasingly turning away from mere translations, however, toward complete ad campaigns tailored to Latin consumers, particularly when direct translations may be an embarrassment. Coca-Cola learned this when its slogan "It's the real thing" and "Coke adds life" were found to have an off-color meaning in Spanish. Instead, the latter slogan became "Coke adds that little extra." Numerous other bloopers have been made by firms in advertising to Hispanics. For example, a Spanish language television commercial for an adhesive bandage recommended for helping "conquitos" on a child's injured knee encountered translation difficulties. While the word correctly meant "little scratches" to Cubans, to Mexicans it meant "little coconuts" -- not exactly what was intended. Several major tobacco companies have advertised low-tar cigarettes with the Spanish word "brea." Although, brea does translate literally into "tar," it is the type of tar used on streets. Thus, the companies were actually advertising "low-asphalt" cigarettes (12).

As tailored promotions appear, advertising agencies must keep cultural differences in mind to attain credibility with their Hispanic audiences (5).

The following examples illustrate such an accultured approach:

-- Budweiser radio advertising has been subsegmented into four styles of music to correspond with the different ethnic types of Hispanics around the country. The music running in Los Angeles has a mariachi sound that appeals to Mexicans living there, in Texas a polka Nortena is a familiar sound to Texas Hispanics, in Florida the Cubans listen to a version of their charanga, and in New York there is a Puerto Rican salsa. The accent used throughout is broadcast Spanish, a sound with no regional ties (3).

-- McDonald's advertising in thirty Spanish markets takes on a twist. Keeping in mind the Hispanic family structure, McDonald's television and radio commercials were changed such that parents dominate children; and the theme song "We do it all for you" was translated to "What matters is you" (26).

-- A television commercial for General Foods' Tang breakfast drink had to be changed to enhance its believability. The English-language version of the commercial featured a woman Ph. D. saying she serves Tang to her family; but the Spanish community would have had great difficulty relating to that situation. Therefore, the company's ad agency researched the subject and found that both teachers and grandmothers are authority figures that command Latins' respect. The result was that in Tang's Spanish ads the drink was served by a teacher and a grandmother (24).

A family tie-in can often be appealing because of the large family size among Hispanics and their high regard for strong family bonds. Colgate made effective use of this appeal in one commercial in which a child's birthday party was shown with the whole family in attendance. Borden has also been successful in this market with the slogan "We'd like your family to meet our family at La Casa Borden."

The marketer should conduct research to find out what appeals are best for this segment. Appeals used in the general market may not be successful. For example, although Colgate stresses a cavity-fighting theme in the general market, it promotes "Happy Smiles" in the Spanish segment because the Hispanic consumer wants to know what the product will do for his or her appearance. Kent cigarettes advertises taste rather than low tar content, and Mazola corn oil ads don't mention cholesterol, but stress how the oil tastes.

Shopping Patterns

With regard to store selection research has shown that many Spanish-speaking housewives feel lost in giant supermarkets where they are surrounded by many unfamiliar products and are inhibited about asking questions. Because such uneasiness exists with regard to large stores, Hispanics do a large amount of their shopping in bodegas, which are small neighborhood stores where only Spanish may be spoken. For example, in New York, bodegas account for 30 percent of grocery volume among Spanish speaking residents.

The bodega, therefore, can be a useful proving ground for brands. It is a neighborhood institution that provides such services as check cashing, credit extensions, loans, the translation of documents into English and vice-versa, and phone calls of a legal nature in English for Spanish customers who can't use the phone in English on their own. Because brand depth in the bodega is not great, there is keen and growing competition for shelf space, particularly as more marketers become aware of the important role these stores play among Hispanic shoppers in New York and other markets. Bodega owners expect brands to be pre-sold; consequently, will be more favorably predisposed toward carrying brands that are effectively advertised in Spanish media.

Pricing Strategies

The language barrier not only affects advertising but also pricing policies. For example, one of the most frequent complaints of Spanish-speaking supermarket customers is concern with pricing techniques such as multiple pricing, the presence of preprinted and stamped prices and cents-off labels.

The use of cents-off coupons has been considered to be less effective in the Hispanic market than in the non-Hispanic market (26). Many of the reasons for non-use are similar to those given by Anglos who do not redeem coupons. More reasons are as follows: (1) Hispanics may be treated poorly at the checkout counter when they present coupons for redemption; (2) an ethnic pride prevents them from using coupons (many view them in the same way as food stamps -- and they do not want to be thought of as a charity case by their friends and neighbors when shopping in the small bodegas); (3) they have had less exposure to them because direct mailings have not often been made into Hispanic neighborhoods; and (4) this is largely a cash market of limited means without the available funds to purchase many couponed products. Some of these barriers to greater coupon use are being overcome, however. New direct mailing programs into Hispanic areas are being developed, with more appropriate appeals tailored to their needs.

Samples of new or unfamiliar products are also a useful way to increase trial among Hispanics. Better means of sampling products are being tried ranging from packing free samples along with a compatible brand, to product demonstrations, giveaways, and the design of special events at which free samples may be offered. As a result of such activities, couponing and sampling are gaining in importance as more firms use these techniques and increase their level of sophistication concerning their use (11) (20).

SEGMENTING THE HISPANIC MARKET

A final and important question concerning the nature of this market must be addressed at this point: "Is the Hispanic market a homogenous market segment?" The answer is, no.

National Origin

Although Hispanics are united by a common language and religion there exist numerous subdivisions -- for example, Cuban attitudes, interests, and opinions differ from those of Mexican-Americans, as well as all other origins within the Hispanic market. The marketer should recognize that a significant opportunity exists to take advantage of these differences. As already noted, for example, Budweiser had adapted its slogans and the music for its commercials to reflect the musical preferences of various subsegments within the total Hispanic market (6).

Income

wealthier Hispanics. Further, the low-income Hispanic reads less than does the wealthier Hispanic. This is evidenced, to a degree, in the new magazine supplements that are appearing in Mexican newspapers and other slick Hispanic magazines that are specifically aimed at the wealthier Spanish-speaking person (30).

Social Class and Life Style

A study of Mexican-Americans by Fernando Cervantes suggests that market segmentation may be based on the Hispanic's social class and life style. Cervantes identifies four heterogenous groups as follows:

(1) Recent entrants and illegal immigrants who are characterized as predominately Spanish-speaking, low-income, young, poorly educated, low skill level, and non-assimilated. The recent entrant to the U.S. accounts for approximately 60 percent of the total of Mexican-Americans in the United States, a segment much too large to be ignored by the marketer (28). Longer term residents in the United States tend to be better assimilated (although not completely) than the shorter term entrants and can be reached in a broader media approach than can their counterparts.

(2) Radical chicanos speak some English, are described as undergoing acculturation, highly political, fighting discrimination, and trying to improve themselves. This group represents 20 percent of the Mexican-American market.

(3) Conservative chicanos (15 percent of the market) speak English, identify with American culture, and have better jobs and education.

(4) "The New Rich" (5 percent of the market) are almost totally acculturated, with intermarriage and college educations common (28).

Certainly, there are more and perhaps better ways of segmenting the Hispanic market. The important implication is that the marketer should seek to segment the market on an appropriate basis and develop tailored marketing strategies to satisfy the chosen segments. At present, however, very little research has been done in this area; but there are some indications of what research needs exist (10) (2).

CONCLUSION

This paper has presented several fundamental concepts regarding the Hispanic market. It serves as a foundation to acquaint the marketer with some of the more inportant considerations in planning marketing strategies. The most significant conclusions to keep in mind in venturing into the Hispanic market are: (1) the market is too significant to ignore or slight; (2) it needs to be carefully researched to detect the existing nuances; (3) it is segmentable on appropriate bases; and (4) it should be reached via properly tailored marketing mixes in which the necessary adaptation of products, promotion, pricing, and distribution channels has taken place.

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AN INTERRACIAL STUDY OF BRAND PREFERENCES OF CHICAGO HOUSEHOLDERS

Comparison of White, Black, and Hispanic Householders in Shopping Patterns and Purchase Behavior in Selected Areas

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Product and brand preference information is of special interest to advertisers, advertising agencies, broadcasters, retailers and others. Unfortunately product and brand preference information is soon out-dated. Therefore, there is always a need for current information. Previous studies were conducted in Chicago in 1967 and 1973. This article is an outgrowth of a new survey that was conducted in Chicago. The new study sampled White, Latino, and Black families and compared their brand preferences for selected products. Information on Latino brand preferences are especially scarce so this information helps fill this void.

METHODOLOGY

A map showing all census tracts for the city of Chicago was obtained. A table of random numbers was used to select 40 tracts. In as much as food stores were used as the interviewing sites, 10 tracts that did not have food stores had to be eliminated from the study. The Yellow Pages were used as the source to locate and list all food stores within each of the 30 remaining tracts.

Once the list of food stores was finalized, stores were divided into two categories: major supermarkets such as A&P, Dominick's, Jewel, etc. were placed in one category. All other food stores were placed in second category. Again using a table of random numbers a sample of 22 stores was obtained. Store managers were called to obtain approval for interviewing privileges within the store. Thirteen of the sample stores were units of large chains and the remaining nine were smaller independent stores.

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A sample of 600 respondents was interviewed in all those 22 stores. Some stores were patronized exclusively by one race. In other stores the customers represented a mix of blacks, whites and latinos. Table 1 shows the 600 respondents classified by race and sex.

All interviews were conducted over a two-week period in February and March, 1978. An interviewing selection process at each store was used to eliminate as much bias as possible. Interviewers stationed themselves at the end of a line of customers waiting to be checked out. The third person to walk by the interviewer was selected as a respondent, provided he or she was 16 years of age or older. After completing an interview, the third person to walk by the interviewer was again selected. However in those stores where there were few customers, the interviewer waited for five minutes after stationing himself near the check-out station and selected the first one to pass him. Then he waited a second five minutes after completing the interview. The interviewing process was adhered to in all stores in completing the 600 interviews.

FINDINGS

Table 1

Demographics

Respondents Classified by Race and Sex

	White		Black		Latino	
Female	177	75%	150	67%	96	68%
Male	60	25%	72	33%	46	32%
Total	237	100%	221	100%	142	100%

Table 2

Distribution of Respondents by Age Groups for Selected Households

Age	White		Black		Latino	
16-24	35	15%	56	26%	39	28%
25-34	59	25%	68	31%	53	38%
35-49	46	19%	60	28%	37	26%
50-64	67	28%	27	12%	11	7%
65 & over	30	13%	8	3%	1	1%
Total	237	100%	219	100%	141	100%

(Due to some refusals by the respondents on their ages, the totals do not add up to 600.)

Table 3

Family Income Before Taxes for Selected Households

Annual Income	White		Black		Latino	
Less than $4000	10	5%	18	8%	2	2%
4000 to 7999	16	9%	26	13%	17	13%
8000 to 11999	24	13%	56	28%	38	30%
12000 to 15999	51	27%	44	22%	33	25%
16000 to 19999	29	15%	23	11%	14	11%
20000 to 23999	31	17%	23	11%	11	9%
Over 24000	27	14%	13	7%	13	10%
Total	188	100%	203	100%	128	100%

(Totals may not add up to 600 due to refusals to report information on income.)

Table 4

Educational Background of Head of Household for Selected Households

	White		Black		Latino	
Some Grade School	7	3%	11	5%	10	7%
Completed Grade School	10	4%	8	4%	10	7%
Some High School	18	8%	47	21%	34	25%
High School Graduate	61	26%	72	33%	46	33%
Some College	56	24%	42	19%	20	15%
College Graduate	44	19%	22	10%	6	4%
Graduate School	37	16%	14	6%	11	8%
Little or no Education	0	0%	4	2%	1	1%
Total	233	100%	220	100%	138	100%

(Totals may not add up to 600 due to respondent refusals)

Sex — Table 1 reflects the distribution of shoppers by sex that one typically finds in Chicago food stores. Females are the dominant sex shopping for food whether they are white, black, or latino.

Age — Table 2 shows the age classification for the three ethnic groups interviewed. Black and Latino shoppers are younger than white shoppers. This fact is clearly seen when comparing the number of respondents in the 16-24, 50-64, and 65 & over age categories. A Chi-square test confirmed this finding.

Income Table 3 indicates that White shoppers had a greater percentage of respondents in the higher income categories than did either Black or Latino shoppers. There is little difference between income received by Blacks or Latinos in all categories.

Education Table 4 clearly shows that a greater percentage of White respondents had attended college or graduated than did the other two groups of respondents. There seems little difference in the level of education completed by Blacks or Latinos.

Table 5

PROFILE OF A TYPICAL WHITE HOUSEHOLD IN CHICAGO

	Most Typical Response	Percentage Making Response
No. of persons in household	2	32%
Marital status of respondent	Married	53%
No. of adults in household	2	50%
No. of children under age 18 in household	0	62%
Respondent's age	50-64	28%
Spouse's age	50-64	32%
Last grade of school completed by head of household	Completed High School	26%
Total income of household	$12,000-$15,999	26%
Ownership status of home	Rent	54%
Make of car (#1) owned	Chevrolet	22%
Year of car (#1) owned	1974	14%
	1977	14%
Favorite grocery store	Jewel	53%
Favorite shopping day	Friday	23%
Distance traveled to store	3-7 blocks	39%
Travels further for lower prices	Yes	54%
Travels further for better service	No	54%
Amount spent on groceries per week	$30-$39.00	18%

Table 6

PROFILE OF A TYPICAL BLACK HOUSEHOLD IN CHICAGO

	Most Typical Response	Percentage Making Response
No. of persons in household	2	23%
Marital status of respondent	Married	50%
No. of adults in household	2	52%
No. of children under age 18 in household	0	40%
Respondent's age	25-34	31%
Spouse's age	25-34	37%
Last grade of school completed by head of household	Completed High School	33%
Total income of household	$8,000-$11,999	28%
Ownership status of home	Rent	77%
Make of car (#1) owned	Chevrolet	24%
Year of car (#1) owned	1975	16%
Favorite grocery store	Jewel	81%
Favorite shopping day	Saturday	27%
Distance traveled to store	3-7 blocks	37%
Travels further for lower prices	Yes	73%
Travels further for better service	Yes	71%
Amount spent on groceries per week	$30-$39.99	20%

Table 7

PROFILE OF A TYPICAL LATINO HOUSEHOLD IN CHICAGO

	Most Typical Response	Percentage Making Response
No. of persons in household	2	21%
Marital status of respondent	Married	62%
No. of adults in household	2	60%
No. of children under age 18 in household	0	32%
Respondent's age	25-34	38%
Spouse's age	25-34	47%
Last grade of school completed by head of household	Completed High School	33%
Total income of household	$8,000-$11,999	30%
Ownership status of home	Rent	65%
Make of car (#1)	Chevrolet	27%
Year of car (#1)	1974	13%
Favorite grocery store	Jewel	81%
Favorite shopping day	Saturday	26%
Distance traveled to store	3-7 blocks	51%
Travels further for lower prices	Yes	65%
Travels further for better service	Yes	65%
Amount spent on groceries per week	$40-$49.99	19%

Table 8

STORE WHERE MAJOR FOOD PURCHASES ARE MADE

STORE	WHITE (165) #	WHITE %	BLACK (188) #	BLACK %	LATINO (121) #	LATINO %
Jewel Foods	87	53%	152	81%	98	81%
Dominick's Finer Foods	17	10%	18	9%	8	7%
Kohl's	29	17%	0	0%	0	0%
A & P	31	19%	17	9%	12	10%
Grocerland	1	1%	1	1%	3	2%
TOTALS:	165	100%	188	100%	121	100%

Table 9

HOW FAR RESPONDENTS TRAVELED TO STORE

DISTANCE	WHITE (237) #	WHITE %	BLACK (221) #	BLACK %	LATINO (141) #	LATINO %
Less than 2 blocks	63	27%	32	14%	30	21%
3 to 7 blocks	92	39%	81	37%	71	51%
1 to 3 miles	62	26%	85	39%	24	17%
More than 3 miles	17	7%	21	9%	15	10%
No Response/Don't Know	3	1%	2	1%	1	1%
TOTALS:	237	100%	221	100%	141	100%

Table 10

WOULD YOU TRAVEL FURTHER TO GET BETTER SERVICE?

RESPONSE	WHITE (223) #	WHITE %	BLACK (203) #	BLACK %	LATINO (127) #	LATINO %
No	121	54%	59	29%	44	35%
Yes	102	46%	145	71%	83	65%
TOTALS:	223	100%	203	100%	127	100%

With respect to travelling further to get better service, Black shoppers indicated a willingness to travel further (71%) more so than White shoppers (46%) or Latino shoppers (65%) did. This indication follows closely with the pattern established in the question asking if the shoppers would travel further to get lower prices.

Table 11

WOULD YOU TRAVEL FURTHER TO GET LOWER PRICES?

RESPONSE	Base: (22) WHITE #	%	(213) BLACK #	%	(132) LATINO #	%
No	103	46%	58	27%	46	35%
Yes	119	54%	155	73%	86	65%
TOTALS:	222	100%	213	100%	132	100%

With respect to travelling further to get lower prices, a significant number of Black shoppers indicated that they would travel further to get lower prices followed (in lesser degrees) by Latino shoppers and White shoppers.

Profiles

From an analysis of all the data collected it was possible to develop a profile of a typical respondent from each of our three categories. Tables 5, 6, and 7 give this information. Some of the information in the profiles is expanded upon later in this article.

Store data

Table 8 indicates conclusively that Jewel Foods is the most preferred store regardless of race. However, it can be stated that a larger percentage of Black and Latino shoppers shop at Jewel. Dominick's Finer Foods is preferred equally by all three groups, while Kohl's (an independent chain) is shopped exclusively by Whites. A&P is preferred by more White shoppers than Blacks or Latinos.

We were also interested in how far respondents travelled to shop their favorite food store. Table 9 details this information. Blacks are willing to travel further than either Whites or Latinos. In face 48% stated they would travel 1 mile or more. This compares with 33% for White shoppers and 27% for Latino shoppers.

We asked the respondents two other questions. Would they travel further to get better service? Would they travel further to get lower prices? Tables 10 and 11 summarize these findings. Whites are more reluctant to travel than either of the two other groups.

Automobile ownership

Overall only 71% of all households sampled claimed that they owned automobiles. However, 78% of White householders owned at least one automobile. This compares to 70% of Latino households and 65% of Black households.

Table 12 shows the order of brand preference for the three groups. The five most popular brands of automobiles for all groups are the same although the rank order is different. These five are Chevrolet, Ford, Buick, Pontiac, and Oldsmobile. Surprisingly Chevrolets are most popular with Whites and Black householders while Latinos had Buicks first and Chevrolets were fifth.

Residents in the city of Chicago are less affluent than their suburban neighbors. This accounts for the small number of households that own more than one automobile (Table 13). Of all the households interviewed who owned more than one car, sixty-three percent are White.

Akers (1968) indicated that Black householders tended to purchase larger and more expensive automobiles than did White householders. The Larson study of 1971 did not agree with Akers, and this current study also refutes Akers' conclusion. It seems clear that ownership of expensive automobiles is a function of high income and poorer people of any race are likely to purchase less expensive automobiles.

It is a fact that Black and Latino householders have larger families than White (See Tables 14, 15, and 16) and hence the need for larger automobiles. Perhaps it's significant to note that foreign automobiles (usually smaller) were not owned in large numbers.

Table 12

AUTOMOBILE OWNERSHIP PATTERNS FOR SELECTED HOUSEHOLDS

	Total		White		Black		Latino	
owns passenger car	428	71%	185	78%	144	65%	99	70%
do not	171	29%	51	22%	77	35%	43	30%
Total	599	100%	236	100%	221	100%	142	100%

Brand of car	Total		White		Black		Latino	
Chevrolet	100	23%	40	21%	33	24%	26	7%
Ford	74	17%	29	16%	23	16%	22	22%
Buick	54	13%	18	10%	25	17%	11	11%
Pontiac	43	10%	22	12%	12	8%	9	9%
Oldsmobile	41	10%	19	10%	14	10%	8	8%
Plymouth	9	2%	5	3%	4	3%	0	0%
Cadillac	14	3%	5	3%	7	5%	2	2%
Dodge	7	2%	2	1%	2	1%	3	3%
Volkswagen	13	3%	7	4%	2	1%	4	4%
Chrysler	15	3%	7	4%	2	1%	6	6%
Volvo	3	1%	2	1%	1	1%	0	0%
Mercedes	1	*	0	0%	1	1%	0	0%
Datsun	12	3%	5	3%	4	3%	3	3%
Toyota	11	3%	7	4%	4	3%	0	0%
All other brands	25	6%	15	7%	6	4%	4	4%
No answer/Don't know	6	1%	2	1%	3	2%	1	1%
Total	428	100%	185	100%	144	100%	99	100%

Table 13

MULTIPLE AUTOMOBILE OWNERSHIP PATTERNS

	Total		White		Black		Latino	
owns at least 2 cars	59	10%	39	16%	13	6%	7	5%
owns at least 3 cars	33	5%	19	8%	10	5%	4	3%
Total	92		58		23		11	
Base	(600)		(237)		(221)		(142)	
Multiple ownership			63%		25%		12%	

Table 14

SIZE OF HOUSEHOLD

Base:	(237)		(222)		(142)	
SIZE	White		Black		Latino	
	#	%	#	%	#	%
One member	63	27%	45	20%	13	9%
Two members	75	32	49	22	30	21
Three members	34	14	52	23	23	16
Four members	33	14	26	12	24	17
Five members	24	10	18	8	22	16
Six members	5	2	19	9	11	8
Seven members	3	1	5	2	8	6
Eight members	0	0	3	1	4	3
Nine members	0	0	3	1	2	1
Ten members	0	0	1	1	1	1
Eleven members	0	0	0	0	1	1
Twelve members	0	0	1	1	2	1
Thirteen members	0	0	0	0	1	1
Total:	237	100%	222	100%	142	100%

Table 15

NUMBER OF ADULTS IN HOUSEHOLD

Base: NUMBER	(236) White #	(236) White %	(220) Black #	(220) Black %	(140) Latino #	(140) Latino %
One	72	31%	74	33%	22	16%
Two	119	50	114	52	84	60
Three	32	14	15	7	22	15
Four	9	4	13	6	5	3
Five	3	1	3	1	7	5
Six	1	*	1	1	0	0
Total:	236	100%	220	100%	140	100%

Table 16

NUMBER OF CHILDREN IN HOUSEHOLD

Base: NUMBER	(237) White #	(237) White %	(218) Black #	(218) Black %	(138) Latino #	(138) Latino %
Zero	151	63%	87	40%	44	32%
One	34	15	54	25	33	24
Two	34	15	42	20	30	21
Three	12	5	19	9	13	10
Four	4	2	13	5	12	9
Five	2	1	1	*	3	2
Six	0	0	2	1	3	2
Total:	237	100%	218	100%	138	100%

*Less than .5%

Gasoline Purchase Patterns

Tables 17, 18, and 19 indicate brands of gasoline purchased, type of service preferred, and ownership of a gasoline credit card. Amoco (Standard) is the preferred brand among Whites, Blacks, and Latinos. Shell is second in preference with all three groups as well.

There seems to be very little difference among the three groups as to the type of service preferred. Over half of the respondents chose full service; about a third of the respondents chose either mini-service or self-service, and the remainder were uncertain as to their preference. Blacks, Whites, and Latinos are almost identical in their preference with one exception. That is, twice as many Latinos preferred self-service compared to Blacks or Whites.

More White respondents owned gasoline credit cards than did Black or Latino householders. Ownership of credit cards reflected gasoline purchase patterns with Standard and Shell being the most used cards.

Food Products

Table 20 shows the purchase and preference pattern for nine different food products classified by race, usage rate, and leading brands. For some foods, such as tea and barbeque sauce, the usage rate and the preferred brands are the same regardless of the race of respondents. Beans are considered to be a large part of the typical Latino's diet. Therefore, it isn't surprising that they purchase almost 3 times more than White households and 50 percent more than Black households.

Table 21 shows the type of fruit juice purchased, that is, whether it is canned, frozen, or bottled. A greater percentage of White households purchase frozen juices than the other two groups. On the other hand, Latinos purchase more canned juice than do Blacks or Whites, while Blacks purchase a larger percentage of bottled fruit juices than do Whites or Latinos.

Table 17

GASOLINE PURCHASE PATTERNS

	Total		White		Black		Latino	
Purchased gasoline in the last 30 days	419	71%	175	74%	142	65%	102	73%
Base	(593)		(236)		(218)		(139)	

Brand purchased	Total		White		Black		Latino	
Standard (Amoco)	111	26%	44	25%	38	25%	29	29%
Shell	85	21%	25	15%	40	28%	19	18%
Arco	33	8%	22	12%	8	6%	3	3%
Clark	20	5%	7	4%	8	6%	5	5%
Mobil	13	3%	9	5%	1	1%	3	3%
Texaco	13	3%	7	4%	5	3%	1	1%
Martin	3	1%	1	1%	1	1%	1	1%
Gas-for-less	2	*	1	1%	1	--	1	1%
Buy Low	2	*	2	1%	0	0%	0	0%
Venture	1	*	1	1%	0	0%	0	0%
Zayre	1	*	0	0%	0	0%	0	0%
Zephyr	1	*	1	1%	0	0%	1	1%
All other brands	30	7%	18	10%	7	5%	6	6%
Don't know	104	25%	37	20%	33	24%	33	32%
Total	419	100%	175	100%	142	100%	102	100%

*Less than 0.5%

Brand share is based on the total number of respondents who said that they did purchase gasoline in the last 30 days.

Table 18

GASOLINE SERVICE PREFERRED

	Total		White		Black		Latino	
Type of Service Preferred								
Full Service	250	56%	107	54%	88	60%	55	52%
Mini-Service	78	17%	32	16%	29	20%	17	16%
Self-Service	58	13%	21	11%	15	10%	22	21%
No Answer/Don't Know	64	14%	38	19%	14	10%	12	11%
Total	*450	100%	198	100%	146	100%	106	100%

*This question was answered by some respondents who had not purchased gasoline in the past 30 days.

Table 19

GASOLINE CREDIT CARDS

	Total		White		Black		Latino	
Own Gasoline Credit Card	190	32%	108	46%	50	23%	32	23%
Base	(599)		(236)		(221)		(142)	

Brand of Credit Card	Total		White		Black		Latino	
Standard (Amoco)	64	34%	34	31%	17	34%	13	41%
Shell	25	13%	9	8%	11	22%	5	16%
Arco	8	4%	6	6%	2	4%	0	0%
Texaco	4	2%	2	2%	1	2%	0	0%
Clark	3	2%	1	1%	0	0%	0	0%
Mobil	3	2%	3	3%	0	0%	2	6%
Chevron	2	1%	1	1%	0	0%	1	3%
All others	7	4%	4	4%	2	4%	1	3%
Own more than one	52	27%	36	33%	11	22%	5	16%
No Answer/Don't know	22	11%	12	11%	6	12%	4	12%
Total	190	100%	108	100%	50	100%	32	100%

Table 20

	Usage Rate	Leading Brand	Second Brand	Third Brand
1. Coffee				
Whites	78%	Hills Bros-23%	Maxwell House-17%	Sanka-10%
Blacks	67%	Maxwell House-20%	Hills Bros-19%	Sanka-19%
Latinos	79%	Folgers	Hills Bros-14%	Sanka-14%
2. Tea				
Whites	64%	Lipton-57%	Orange Pekoe-5%	Salada-4%
Blacks	56%	Lipton-81%	Salada-2%	Orange Pekoe-2%
Latinos	53%	Lipton-71%	Salada-8%	Jewel-5%
3. Fruit Juice				
Whites	96%	Minute Maid-9%	Tropicana-8%	Libby's-5%
Blacks	93%	Minute Maid-12%	Tropicana-5%	Hawaiian Punch-3%
Latinos	92%	Tropicana-9%	Minute Maid-8%	Hi-C-5%
4. Bread				
Whites	95%	Butternut-11%	Wonder-10%	Holsum-8%
Blacks	98%	Holsum-23%	Wonder-12%	Butternut-10%
Latinos	98%	Holsum-21%	Butternut-19%	Wonder-15%
5. Flour				
Whites	49%	Pillsbury-40%	Goldmedal-24%	Ceresota-12%
Blacks	59%	Pillsbury-51%	Goldmedal-13%	Jewel-5%
Latinos	62%	Pillsbury-31%	Goldmedal-16%	Jewel-8%
6. Rice				
Whites	60%	Riceland-32%	Minute Rice-25%	Uncle Ben's-19%
Blacks	77%	Riceland-56%	Uncle Ben's-19%	Minute Rice-10%
Latinos	80%	Riceland-47%	Uncle Ben's-7%	Minute Rice-7%
7. Sardines				
Whites	19%	King Oscar-54%	Booth-7%	No 3rd choice
Blacks	16%	King Oscar-29%	Booth-11%	No 3rd choice
Latinos	19%	King Oscar-27%	Booth-4%	Mermaid-4%
8. Dry Beans				
Whites	22%	Great Northern-13%	La Preferida-4%	No 3rd choice
Blacks	43%	Great Northern-8%	Brownie's Best-7%	La Preferida-2%
Latinos	63%	La Preferida-19%	Brownie's Best-11%	Great Northern-2%
9. Barbecue Sauce				
Whites	32%	Open Pit-63%	Heinz-9%	Kraft-5%
Blacks	39%	Open Pit-55%	Kraft-15%	Heinz-4%
Latinos	37%	Open Pit-55%	Kraft-7%	Heinz-2%

Table 21

TYPE OF FRUIT JUICE PURCHASED

	Total		White		Black		Latino	
Canned	144	27%	51	23%	50	25%	43	34%
Frozen	195	36%	93	43%	58	29%	44	35%
Bottled	164	30%	57	26%	74	38%	33	26%
No Answer/ Don't Know	39	7%	17	8%	15	8%	7	5%
Total	542	100%	218	100%	197	100%	127	100%

Laundry Detergent

All respondents were asked about their purchase preferences for laundry detergents. Table 22 gives this information in detail. It can be seen that there is little difference either in usage rates or brand preferences. However, both Black and Latinos are heavy users of Tide. Fully 54% of the Black households selected Tide, 47% of Latinos and 31% of White householders. Tide has the largest share of the Chicago market regardless of whether they are White, Black, or Latino.

Cosmetics

Table 23 details the usage rate and leading brands for toothpaste, deodorant for males, mouthwash, laxatives, and hair straighteners. Note that Crest is the most purchased brand by White households while Colgate is the most purchased brand for Blacks and Latinos. For males the preference for deodorants are Right Guard, Ban, and Mitchum. Blacks and Latinos favor Ban while Whites prefer Right Guard. Listerine is the most purchased brand of mouthwash regardless of race. Phillips Milk of Magnesia is the most preferred laxative and Ultra Sheen is popular with users of hair straighteners.

Table 22

LAUNDRY DETERGENT USAGE PATTERN

	Total		White		Black		Latino	
Yes, purchased	#	%	#	%	#	%	#	%
Laundry Detergent in the last 30 days	528	89%	204	86%	199	91%	125	89%
Base	(595)		(236)		(219)		(140)	

Brand Purchased	Total		White		Black		Latino	
Tide	230	43%	64	31%	107	54%	59	47%
Ego	2	*	1	1%	0	0%	1	
Cheer	90	17%	22	11%	44	22%	24	19%
Gain	9	2%	3	1%	2	1%	4	3%
Oxydol	13	2%	2	1%	8	4%	3	2%
Fab	3	1%	0	0%	0	0%	3	2%
Biz	1	*	1	1%	0	0%	0	0%
Wisk	3	1%	1	1%	2	1%	0	0%
Arm & Hammer	4	1%	3	1%	0	0%	1	1%
Era	15	3%	12	6%	3	1%	0	0%
Bold	5	1%	2	1%	2	1%	1	1%
All	33	6%	23	11%	5	3%	5	45
Dynamo	25	5%	15	7%	6	3%	4	3%
All other brands	58	11%	37	18%	10	5%	11	9%
No Answer/Don't Know	37	7%	18	9%	10	5%	9	8%
Total	528	100%	204	100%	199	100%	125	100%

**(Base)

* Less than 0.5%

** Brand share is based on the total number of respondents who said that they did purchase laundry detergent in the last 30 days.

Table 23

COSMETIC PRODUCT USAGE RATE AND LEADING BRANDS

	White		Black		Latino	
Usage Rate						
Toothpaste	190	87%	195	89%	135	96%
Deodorant (rate)	213	91%	172	81%	123	88%
Mouthwash	119	50%	135	62%	72	51%
Laxatives	27	12%	33	16%	12	95
Hair Straightener	6	3%	22	10%	3	2%
Toothpaste						
Crest	79	42%	46	24%	35	26%
Colgate	37	20%	1	31%	44	33%
Gleem	12	6%	18	9%	24	18%
Close-up	12	6%	22	11%	6	4%
Aim	12	6%	13	7%	8	6%
Pepsodent	14	8%	6	3%	3	2%
Ultra Brite	4	2%	9	5%	4	3%
Peak	2	1%	2	1%	0	0%
Pearl Drops	4	2%	9	5%	4	3%
All other brands	10	5%	7	4%	4	3%
No Answer/ Don't Know	8	4%	8	4%	6	4%
Total	190	100%	195	100%	135	100%
Deodorant (male) (top 3)						
Right Guard	25	12%	19	11%	25	20%
Ban	16	8%	26	15%	20	16%
Mitchum	17	8%	5	3%	9	7%
All Others/ Don't Know	155	72%	122	71%	69	57%
Total	213	100%	172	100%	123	100%
Mouthwash (top 3)						
Listerine	36	30%	70	52%	36	50%
Scope	20	17%	26	19%	13	18%
Lavoris	18	15%	5	4%	5	7%
All Others/ Don't Know	45	38%	34	25%	18	25%
Total	119	100%	135	100%	72	100%

Table 23 (cont)

COSMETIC PRODUCT USAGE RATE AND LEADING BRANDS

Usage Rate	White		Black		Latino	
Laxatives (top 3)						
Phillips Milk of Magnesia	6	23%	7	21%	6	50%
Feen-a-Mint	2	7%	4	12%	0	0%
Correctol	2	7%	4	12%	0	0%
All Others/ Don't Know	2	7%	4	12%	0	0%
Total	17	63%	18	55%	6	50%
Hair Straightener (top 3)						
Ultra Sheen	2	33%	9	41%	0	0%
Royal Crown	0	0%	2	9%	0	0%
All Others/ Don't Know	4	67%	11	50%	3	100%
Total	6	100%	22	100%	3	100%

CONCLUSION

Cities such as Chicago are continuing to experience changes in the racial composition of its people. Affluent Whites, the White middle class, a small percentage of middle class Blacks are moving into the suburbs. However, enclaves of very affluent Whites remain in the very best condominiums along the lakeshore. Inner city is being dominated by Blacks and Spanish-speaking Hispanics. All of this change in population mix is of interest to marketers of foods and services. They have far more experience in catering to Black consumers than to Hispanic consumers. This 1978 study indicates that there is far more agreement among all races than may be supposed as to the products purchased and consumed although the brands preferred sometimes are very different. This study compares Blacks, Whites, and Hispanics (Latinos) on a number of products and differences in preferences are noted. It seems that Blacks and Hispanics (Latinos) are more similar in their taste and choice than either is to preferences of Whites. Many of the Whites that remain in central city are older and poorer than those who have moved to the suburbs. Thus even the taste and preferences of White shoppers are more alike than they are different. This suggests that all consumers are interested in purchasing those brands of products that maximize their physical and psychological satisfaction. Economics is the equalizer and consumers seek out the best values.

The following generalizations about Hispanic shoppers in Chicago can be made:

1. Demographic differences

   a) Hispanic shoppers are younger than White shoppers but about the same age as Black shoppers.

   b) Hispanics have completed less formal education than White Chicagoans and have the same amount of formal education as Black Chicagoans.

   c) Hispanics earn less income than White Chicagoans but about the same as Black Chicagoans.

   d) Hispanics have more adults and children in their households than White households.

2. Shopping Behavior

   a) More Hispanics shop Jewel Food Store than any other food store.

   b) Hispanics will travel a greater distance than White Chicagoans to obtain lower prices or better service.

   c) 50 percent of Hispanic drivers have auto credit cards and the leading credit card is Standard Oil (Amoco).

   d) Hispanic drivers like self-service gasoline pumps more than Black or White gasoline buyers.

   e) 70 percent of Hispanics living in Chicago own an automobile and the leading brand is Ford.

3. Leading Brands - If an Hispanic shopper in Chicago would shop for the following products, the leading brand would be:

a)	Coffee	Folgers
b)	Tea	Lipton
c)	Bread	Holsum
d)	Flour	Pillsbury
e)	Rice	Riceland
f)	Sardines	King Oscar
g)	Dry Beans	La Preferida
h)	Fruit Juice	Tropicana
i)	Barbecue Sauce	Open Pit
j)	Laundry Detergent	Tide
k)	Toothpaste	Colgate
l)	Deodorant	Right Guard
m)	Mouthwash	Listerine

STRATEGY FOR EVALUATING THE EFFECTIVENESS OF HISPANIC ADVERTISING AND HISPANIC ROLE PORTRAYAL IN THE MEDIA

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The need for strategies to study the Hispanic consumer is evident. This paper elaborates on three such research designs, which all employ the content analysis technique. The objective of the three strategies is to analyze the nature and effectiveness of Hispanic marketing communications. Content analysis is a systematic and objective method for measuring the content of a communication. It has been used in consumer behavior studies to study the role portrayal of Blacks and women in the mass media. Content analysis may also be used to study how Hispanics are being portrayed in the media; whether advertisers are stressing different values when advertising to Hispanics versus non-Hispanics; and whether Hispanic models are more effective than non-Hispanic models in persuading Hispanic consumers.

Marketers wishing to reach the Hispanic market are faced with a dilemma. They seem to have recognized almost simultaneously that while Hispanics may comprise a viable target market, very little is known about Hispanic consumer behavior.

The available literature substantiates to varying degrees the market potential of Hispanics [Sales and Marketing Management, 1981]; describes their demographic characteristics [Dominguez, 1979; Watanabe, 1981]; and attempts to describe their buying behavior [Cervantes, 1980; Yankelovich, 1981]. However, the information is still inadequate [Miyares, 1979; Dominguez, 1980]. For example, major voids exist in the area of Hispanic role portrayal in the media, and in what type of messages are most effective in reaching Hispanics [Dominguez, 1980]. Also lacking are strategies for filling the research gaps. There is a definite need for appropriate research designs and theoretical frameworks [Dominguez, 1980].

The purpose of this paper is to illustrate how the technique of content analysis can measure (1) how Hispanics are portrayed by the media and (2) which communication strategies are most effective in persuading Hispanic audiences. The technique of content analysis has been used successfully by marketers to study these issues as they pertain to the subcultures of Blacks and women.

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This paper has been compiled as part of a research project in progress to measure the effectiveness of Hispanic advertising. It consists of three parts: (1) a brief description of the content analysis technique; (2) an identification of the specific research questions related to Hispanic consumer behavior which the technique can be used to answer; and (3) a presentation of three alternate research designs, employing content analysis, for answering some of these questions.

Description of Content Analysis

Content analysis is a tool for measuring the content of a transmitted message. Generally speaking the analysis is performed for one or more of the following reasons: (1) to describe the characteristics of a communication, i.e., to describe whether the communication has changed over time, across situations, or across audiences; (2) to make inferences about the purpose of the communicator; and (3) to make inferences about the effects of the communication [Holsti, 1969].

In marketing studies, the content analysis technique has been most frequently used to describe the characteristics of a communication. For example, studies have been performed to determine what brand and company image is being portrayed by the mass media; how the mass media advertising is portraying Blacks and women; what types of appeals are most effective in recruiting college graduates; and what is the level of information found in television advertising [Kassarjian, 1977].

Although any media may be studied in marketing, content analyses have been used primarily to study mass media advertising and television programming.

Every content analysis follows certain procedures, namely:

1. Define the objectives of the research and establish the hypotheses to be tested.

2. Select a sample of the content that is to be observed and classified.

3. Define the categories into which the content will be classified. The categories must reflect the objectives of the research. If the purpose is to determine what the communications is about, use subject categories. For example, when studying the content of newspapers, the articles might be put into such subject categories as city news, foreign news, editorials, and features. When studying the role portrayal of minorities, use such categories as occupation or directional categories like (1) favorable, (2) neutral, (3) unfavorable. Holsti [1969] provides a representative list of categories used in past content analyses.

4. Designate the units within the content to be classified into the categories. The unit may be a word, a theme, a character, a model, or the entire book, ad, program, or film. Also specify the context unit, the largest body of content that is to be searched to categorize the designated unit of analysis [Holsti, 1969]. For example, when analyzing whether a minority model is portrayed favorably or unfavorably in a magazine ad, the classification is based on examination of the model in the context of the entire ad.

5. Specify the unit of enumeration, that is, the basis for quantifying the data. For example, in determining how minorities are portrayed in advertising, it is possible either to count all the ads in which minority models appear or count all the minority models appearing in the ads [Holsti, 1969].

The goal of every content analysis is to be objective and systematic [Holsti, 1969; Kassarjian, 1977]. To be objective, the categories must be precisely defined and the decision rules for the classification of data must be explicit and uniform. Independent analysts should be able to apply the rules and categories to the same body of content and secure identical results [Berelson, 1952, Kassarjian, 1977]. To be systematic, the inclusion and exclusion of content or categories must also be done according to consistently applied rules. For example, when studying minority advertising all ads containing the minority models in the sampled issues must be included in the analysis. Ads which favorably depict the minority cannot be excluded simply because the ads appear infrequently.

Gaps in Hispanic Research

Content analysis can be used to answer two broad types of questions about Hispanic consumers: (1) questions related to the portrayal of Hispanics in the media, and (2) questions about the reaction of Hispanics to advertising.

The following are questions related to how Hispanics are presented in the media:

1. Are Hispanics included in advertising proportionate to their buying power?

2. Are Hispanics portrayed negatively as shiftless and lazy, as has been alleged [Cervantes, 1980]?

3. Are Hispanics portrayed like other ethnic groups, such as Blacks, or are they portrayed more like Anglos?

4. Do advertisers unwisely import Latin American models to the U.S. as some researchers suggest, or do they tailor their ads to the individual Cuban, Mexican, and Puerto Rican audiences [Schenbert, 1978]?

5. Do advertisers emphasize the same values when advertising towards Hispanics, Blacks, and Anglos? Research suggests that these three groups have different value systems [Yankelovich, 1981] and may therefore respond more favorably to ads which depict their particular values.

The following are questions related to Hispanics' reaction to advertising which content analysis can answer:

1. Can the same advertising campaigns be used to reach Hispanics and non-Hispanics alike? Some authorities in Hispanic marketing claim that Hispanics tune out commercials that have been dubbed in Spanish or ads that use non-Hispanic models [Aguirre, 1981; Diaz-Albertini, 1981; Wilson, 1981; Zubizaretta, 1981; Marketing News, 1981].

2. Can the same ad campaigns be used effectively to reach Cubans, Mexicans, and Puerto Ricans alike? Advertising experts disagree on this matter. Some claim that the ads must be tailored to the three individual segments of the Hispanic market [Advertising Age, 1981], while others allege that such customization is a myth based on faulty research [Marketing News, 1981]. There are no definitive published research findings to clarify the dispute.

Alternate Research Designs

Having identified the broad questions, the next step is to outline a strategy or strategies for obtaining the answers. Three research designs, which employ the content analysis technique, are proposed. The proposed designs differ depending on the ultimate objectives of the research.

The purpose of Design A is to determine how Hispanics have been portrayed in the print media over time. The purpose of Design B is to determine whether similar values are being stressed in advertising directed towards Hispanics, Blacks, and Anglos. The purpose of Design C is to determine whether advertisers must use different role models to effectively reach Hispanic versus non-Hispanic consumers.

In Design A the content of ads containing Hispanic models taken from general audience magazines will be compared across time. The object is to determine whether there is a change in the frequency of the appearance of the Hispanic models or in the roles which Hispanics occupy. Furthermore, the portrayal of the Hispanic models will be compared to some standard, namely the portrayal of Anglo models in the same magazines. The Hispanic models will be compared to Anglo models found in the ad immediately following the Hispanic ad. Although this kind of control has seldom been incorporated in content analyses [Shuey, 1953], it is highly recommended, especially if conclusions are to be made about the portrayal of Hispanics versus the portrayal of non-Hispanics.

Print ads in general audience magazines are assumed to be representative of the prevailing advertising trends. Furthermore, past issues of magazines are often more accessible than other media for studying changes in images over time.

Research Design A consists of the following steps:

Step 1: Select the universe of magazines to be sampled. A recommended listing of magazines is the Standard Rate and Data Service.

Step 2: Define the categories to be used. A summary of appropriate categories, derived from the content analyses of Blacks and women, is summarized in Table 1.

Step 3: Classify the units of analysis, namely the Hispanic models found in the ads, into the appropriate categories.

Step 4: Obtain independent evaluations from more than one judge to ensure the reliability of the classifications.

Step 5: Analyze the content data to see if there are significant differences in the presentation of Hispanics over time and if there are significant differences between the presentation of the Hispanics versus the non-Hispanics.

In Design B, the content of ads found in similar general audience magazines directed toward Hispanics, Blacks, and Anglos will be compared to see which values are being stressed. Black magazines have been added because few studies make comparisons across American subcultures. Also, it is possible that advertisers might perceive the values of Hispanics to be more similar to those of another subculture rather than to Anglo values.

Research Design B consists of the following steps:

Step 1: Identify similar magazines that are directed toward the individual Hispanic, Black, and Anglo audiences and select a sample of magazine issues to be analyzed.

Step 2: Define the value categories to be analyzed. It should be noted that there are few content analyses of values in advertising [Kassarjian, 1977]. Holsti [1969], however, identifies a number of value categories that have been used in content analyzing other areas.

Step 3: Classify the units of analysis. In addition to the models analyzed in Design A, Design B should include the setting and the themes found in the copy of the ad.

Step 4: Obtain independent evaluations from more than one judge to ensure the reliability of the classifications.

TABLE 1

CONTENT ANALYSIS CATEGORIES FOR STUDYING THE ROLE PORTRAYAL OF BLACKS AND WOMEN

Category	Description and Source
Absence or Presence	Percent of total ads containing designated subcultural models (Shuey, 1953; Kassarjian, 1969; Cox, 1969-70; Courtney and Lockertz, 1971; and Bush et al., 1980).
Associated Product	Type of product associated with model (Courtney and Lockertz, 1971; Bush et al., 1977; Weinberger et al., 1979).
Dominance	Major (alone or acting as spokesman) role vs. Minor role vs. Background role (part of a crowd) (Bush et al., 1977; Bush et al., 1980).
	Small importance (hard to find in ad) vs. Average importance vs. High importance (model predominates) (Kassarjian, 1969).
	Dominant (model predominates over other models) vs. Submissive vs. Neutral (no interaction with other models or depicted alone) (Bush et al., 1980).
Social Interaction	Ad containing one individual vs. Ad containing interaction in social setting vs. Ad containing interaction in work environment vs. Ad containing no interaction (Kassarjian, 1969).
Racial Make-Up	All models same race vs. Separate pictures or panels containing different races but no mixing in same scene vs. Mixed races in non-peer relationship vs. Mixed races in peer relationship (Kassarjian, 1969).
Occupation	Above skilled labor vs. Skilled clerical labor vs. Below skilled labor (Shuey, 1953; Cox, 1969); U.S. Census occupation categories plus category for entertainers, models, and sports figures (Kassarjian, 1979); Non-working women have been divided into Family roles vs. Recreational roles vs. Decorative roles (Courtney and Lockertz, 1971; Belkaoui and Belkaoui, 1976 and Weinberger, 1979).
Complexion	Darkness of skin was measured on four-point scale (Chapko, 1976).
Nationality	American Black vs. Non-American Black vs. Non-identifiable nationality (Kassarjian, 1969).

Step 5: Analyze the content data across magazines to see if there are significant differences among the magazines in the values presented. Compare the values presented to a set of distinctly Hispanic values, such as those identified by the Yankelovich [1981] study.

In Design C, the effect of alternate print ads for an identical product will be measured on both Hispanic and non-Hispanic audiences. The ads will differ only in their use of Hispanic versus non-Hispanic models.

Research Design C consists of the following steps:

Step 1: Develop three versions of a print ad for an identical product. The ads should be as similar as possible except for the nationality of the models found in the ad. The first version of the ad will contain only Hispanic models, the second version only Anglo models, and the third version a combination of Hispanic and Anglo models.

Step 2: Select a sample of Hispanic and Anglo users of the product in the print ad. Be sure that the Hispanics and Anglos are as similar as possible on variables such as demographics and product usage. Then divide the sample into three subgroups comprised equally of Hispanics and non-Hispanics. Independently expose each of these subgroups to a single version of the ad.

Step 3: Determine the measure of advertising effectiveness to be used. Effectiveness of the ad can be based on the consumers' awareness, recall, and like or dislike of the ad. Effectiveness can also be based on consumers' awareness of, interest in, and attitude towards the product or the company being promoted. The measure of effectiveness depends on the objectives of the advertisement. The measures are also influenced by the methodology used to test the print ad. For example, to obtain a measure of the ad's recall, the ad must be inserted in a magazine or in a portfolio containing other ads, rather than being individually shown to the consumers.

Step 4: Compare the Hispanic and non-Hispanic audiences who have been exposed to the alternate versions on the selected measures of effectiveness. The analysis of variance statistical technique can be used to determine whether the nationality of the model present in the ad produces a significant difference between the reaction of the Anglos and Hispanics [Churchill, 1979].

The advantage of Research Design C is its flexibility. The design can be expanded to measure the effect of more than one factor. For example, the influence of both the model's nationality and the language of the copy can be measured by creating nine alternative versions of the print ad. The versions would combine three levels of models, Hispanic, non-Hispanic, and integrated model, with three versions of languages, Spanish, English, and bilingual.

Summary

This paper is intended to acquaint researchers with the viability of the content analysis method for studying the nature and effectiveness of Hispanic marketing communications. The discussion is intentionally broad to illustrate the technique's applicability for filling many of the voids in Hispanic consumer research. The discussion also intends to illustrate the scope of the necessary tasks for conducting this type of research.

Content analysis is recommended for solving many of the research problems previously identified. However, when applied to Hispanic communications, the technique has some pitfalls which must be addressed. These pitfalls include: (1) the ability of the coders to differentiate between Hispanic and non-Hispanic models; (2) the ability to develop a coding scheme that can classify commercial elements such as background, scenery, and music as being distinctly Cuban, Mexican, or Puerto Rican; (3) the availability of Spanish speaking coders to analyze the Spanish advertising copy; (4) the ability to identify the target audiences of the Hispanic media under study in such terms as nationality and social class.

The pitfalls are not intended to discourage researchers from conducting content analysis. The content analysis technique, coupled with the appropriate research design, appears to be an important key for unlocking a great deal of information about the Hispanic consumer.

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WORD EQUIVALENCIES OR CONCEPTUAL EQUIVALENCIES IN HISPANIC COPY AND ADVERTISING

Henry Adams-Esquivel[1]
Market Development Inc.

A brief description is given of an informal study of the degree to which strictly English speaking respondents understood a Spanish language commercial prepared in English using word equivalencies only. The point -- long understood by most copywriters and advertisers reaching the Hispanic market successfully -- is that word equivalencies are extremely limited in meaning and can lead to dangerous misinterpretations.

INTRODUCTION

For some time there has been discussion of the manner in which Hispanic copy and marketing communications should be developed. Besides those cases in which firms demand that general population campaigns be followed closely and budgets are limited to support two separate positionings and appeals, the most common steps involve:

1) Adapting general English language campaigns into basically literal Spanish;

2) A Spanish language campaign is developed which stresses different selling points -- with some unique images and positioning statements -- and is basically different in parts from the English language campaign; and

3) Hispanic campaigns are developed which include substantial changes from the English language, including new images, positionings, etc.

The effects, though, of one method of developing copy and advertising over another, have not been systematically studied with the Hispanic market to date. Our purpose was to determine if any major points of confusion, misunderstanding, or decrease in credibility might take place between the two methods most in use: i.e., 'translating' (i.e., developing word equivalencies only between English and Spanish copy and creative executions), and 'adapting' (i.e., developing conceptual equivalencies between the types of copy and creative executions).

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Method

Commercials for a national brand that was well established in Mexico as accounting for significant effects among consumers was sought out, and a long-standing "Brand Presidente" commercial was selected. To parallel the method of developing copy for Hispanics in the U.S. -- i.e., using someone who speaks some English and a good deal of Spanish -- copywriters were sought out who knew only some Spanish and a good deal of English. Without any attempt to develop expensive creative work, the commercial was adapted to English and then shown to a sample of monolingual English speaking Americans who were shown story boards and probed for a number of credibility and recall factors, as well as perceived purchase intent.

The commercial that was show read as follows:

> "En caballos, como en todo, la calidad siempre se impone...Presidente, tiempo y uva valorada...la calidad de Presidente, solo Presidente la tiene, por que Presidente tiene, calidad original Domecq. La gran pareja, Presidente y soda, se logra solo con Brandy Presidente. Calidad Original Domecq."

> "With horses, as with all good things, quality always reveals itself...Presidente, time and exquisite grapes...the quality of Presidente, only Presidente can claim it, because Presidente has original Domecq quality. The great combination, Presidente and soda, only available with Brandy Presidente. Original Domecq Quality."

RESULTS

Even with aided probing of concepts, almost all of these respondents had marked difficulty identifying with the images, the positioning, and the language style of the copy. The images that most negative mentions received were those of the horses (mare and stallion) portraying 'a great combination.' Not only were the images not equally weighted as they were with Mexicans (the mare and stallion images were apparently heavily weighted among Mexicans and received many positive mentions), American respondents tended to see them in 'poor taste' and made many negative mentions.

Intuitively, this informal experiment was doomed to failure. If any point can be made, it is that conceptual equivalencies must be very carefully weighed across-cultures and equivalencies developed which elicit comparable images. The point is also made by respondents themselves, that in the way that 'Spanish commercials put into English are pretty meaningless, English commercials put into Spanish must be pretty bad too.'

A COMPARISON OF THE EFFICIENCY OF ADVERTISING IN SPANISH AND ENGLISH LANGUAGE TELEVISION

Mary Beth McCabe
Account Executive, WCIU-TV Chicago

The top 100 advertisers in the U.S. spent $13 billion in advertising last year. Less than one percent of that was spent in Spanish media. Yet, the U.S. Hispanic population is rapidly approaching ten percent of America. From the beginning of Spanish television, there have been difficulties in measuring the audience due in part, to the language barrier. As the media grows with clients and markets served, the need for accurate and reliable data increases. This paper discusses the price efficiencies and rationale supporting the decision to advertise in Spanish television.

America's Spanish language television network is 20 years new; it is an infant compared with the other major TV networks. Recognition of the Hispanic market in the U.S. is also a new idea. This emerging segment of the U.S. is changing the face of America with 20 million Hispanics, economic buying power in excess of $30 billion and a growth rate of five-and-a-half times the national average.

Many companies have recognized the Hispanic market and its consumer power. Firms that recognize the population change and advertise to Hispanics enjoy efficient purchases in addition to the opportunity to become well known to Hispanic America. Advertiser and agency need to make decisions together regarding how the Hispanics in their trading areas can be reached.

Positioning

A fresh prospective comes from Jack Trout, Madison Avenue (May 1980) who describes marketing warfare as the trend of the 1980's. Marketing warfare is a battle to win consumers' minds, he says. "Positioning is not what you do with the product, but what you do with the mind."

Trout believes that our society is an overcommunicating state. He says the human mind is overflowing with information and that it will only accept information that matches its prior experience. The successful marketer in the 80's, claims Trout, is the one who creates a believable and lasting impression in the consumers' mind.

Although they may have given it a different name, Spanish International Network (S.I.N.) and other Spanish language television broadcasters have encouraged winning the battle for the Hispanic consumer mind through marketing warfare. They claim that advertising dollars work harder when they are in Spanish. Not only are costs of advertising time lower on Spanish language television as compared to English language television, but more results can be produced for the same dollar.

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Rene Anselmo, President of S.I.N. states, "Any advertiser successfully using (general) TV can use S.I.N. and be as successful or even more so because there is not the oversaturation of ads."

120 to 125 million is spent in all Spanish media, estimates Greg Bathon, President and Chief Executive Officer of J. Walter Thompson U.S.A. According to this estimate, approximately 20 per cent of Spanish ad volume is on the S.I.N. network, whose ad sales were 20 million in 1980 and predicted to rise to 25 million in 1981. Twenty percent matches the English ratio of ad dollars on television compared to other media in Advertising Age (Dec 31, 1979). Network rates are between $500-$5500 for thirty second announcements; Monday through Friday prime time audiences were estimated at 784,000 homes. (Marketing Communications June 1981.)

The Yankelovich Report

The most extensive research on the Hispanic market to date is a 26-page study by Yankelovich Skelly & White that explores the origins, lifestyles and media behavior of Spanish U.S.A.

650 in-home interviews in 19 cities lasting between 45 minutes to an hour each were conducted with a Hispanic study sample aligned with demographic information from the U.S. Census.

They found that 50 per cent of Hispanics use Spanish media more than half of the time. They also found that Spanish television is used more than any other media. Hispanics on an average, spend 174 minutes weekly reading Spanish print, 468 minutes weekly listening to Spanish radio and 576 minutes weekly watching Spanish television. This 23% additional time spent with television over radio, according to the Yankelovich study, is due to "key advantages of Spanish television. Language is easy to understand for entertainment value, subject matter and impact of advertising."

The Yankelovich study also reports that the U.S. Hispanic population is more likely than Anglos to stress product quality, value name or advertised brands and be brand loyal as well as receptive to new products.

Eighty percent of Hispanics pay more attention to product quality than price, whereas only 65 percent of the U.S. total choose quality over price.2

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2 Yankelovich, Skelly & White, Inc. June 1981

Estimating Audience And Delivery

Time costs are extremely low in comparison with other television stations. Cost alone, however, does not determine whether or not a target audience has been reached in the most efficient manner. Reaching the target audience with a minimum of waste coverage is a media selection goal. It is possible to select with precision provided data is available. Unfortunately, television reach and frequency data for S.I.N. stations is not as yet available to the extent it is in Nielson and Arbitron for non-Spanish audiences. Until that time, media analysts will need to rely on available market profiles and Strategy Research Corporation (SRC), audience information, paying attention to the special Hispanic market segment.

SRC provides rating information based on a Hispanic universe from in-home personal interviews. This methodology is very costly but provides the most valid and reliable data among Hispanics. It is not unlikely that a station would get a rating of 50 or more, indicating that 50% of the Spanish universe is watching a particular show. To find out what this rating is in one city in the general market, SRC suggests that it be multiplied by a factor equalling the percentage of the market that is Hispanic. A rating of 50 in a market with 15% Hispanic population indicates (50 multiplied by .15= 7.5) a 7.5 rating among the general market.

This rating can assist the media analyst trying to select the most efficient medium; the media buyer can compare the cost per rating point in the general market with that of Spanish television.

General television advertising, ironically, is a perfect example of an efficient vehicle to reach an inefficient audience. This is not the case with Spanish television, for the audience is homogeneous by language and cultural characteristics. Commercials are produced in an easily understood generic Spanish. Adaptions of English language commercials are common.

Cost-Per-Thousand (C.P.M.) is normally less than two dollars. This is well below the cost of reaching a thousand non-Spanish speaking persons; it is almost one-fourth the cost of reaching English-speaking households on network television. Through television there are approximately one-third more people in a Hispanic household, making the lower household CPM's stretch the advertiser's dollar further. CPM's are lower per person in most demographic categories, especially those that TV advertisers are looking for, i.e., youthful heavy consumers. The median age of Hispanics is 20, nine years younger than the U.S. average.

The Language Barrier

Impact is greater in Spanish language media proven by both recall studies and dramatic sales promotion results. According to the Med-Mark Study of television commercial recall in Spanish surname households in New York, they reremember ads two-and-a half times better than those viewing English language television. Only twenty-five percent could recall ads in English, but 64% were able to accurately recall one or more advertised products in Spanish programs.[3]

Supporting evidence from the Census Bureau indicates that over 65% of the people who claim Spanish origin live in households where Spanish is usually spoken. Education, age, and country of origin made no difference.[4]

Media Decisions discussed Hispanics as a target market in June 1975, "The Spanish consumer is of unusual interest to national marketers because he represents a specific target market in which competitive advertising impressions may be few and sales results dramatic."

Problems of how to properly measure the size of the Hispanic television audience have existed from the start. A top Pepsi Cola Company executive said, "inadequate measurement" creates a stumbling block for the average goods manufacturer which used television as its primary medium. Henry Hayes, media planning and Central Director for Pepsi has made several suggestions for improving interviewing techniques and most of them have been rejected.

He questions a rating of four percent for "all other" (non-network) TV in a poll of the McAllen/Brownsville, Texas area where 78% of the Area of Dominant Influence (A.D.I.) is Hispanic. He thinks the rating companies aren't even trying to correct their antiquated system. He even suggests that they have not innovated because they have a "good thing going with Anglo media and they don't want to rock the boat."[5]

The industry agrees that current methods don't work because of faulty representation. Fourteen years ago, the executive director of the Broadcast Rating Council strongly criticized the "use of telephone listings as sampling frames and the diary...(which) produces distorted audiences...for ethnic minorities which are not suitably represented in the telephone listings and for whom the diary is not an efficient instrument."

What Is Being Done To Correct The Problem?

Arbitron has personal placement and retrieval of diaries in high-density Spanish-speaking areas, which they say is four to six times as expensive as normal methods. S.I.N. claims that because these are applied only in Metro areas, not in Areas of Dominant Influence (A.D.I.'s) and not in all of each Metro, therefore are not representative. The sample to be offered diaries is drawn from telephone listings, yet only 24% of New York Spanish homes, 42% of Los Angeles Spanish homes and 65% of Miami Spanish homes are listed.[6]

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[3] Med-Mark, Inc. "Television Commercial Recall in Spanish-Surname Households, Metro N.Y. June 1969.

[4] U.S. Department of Commerce: Census Bureau Special Studies July 1976.

[5] "Pepsi Exec Blasts Arbitron" Adweek Southwest Edition Sept 22, 1980.

[6] "How Not To Measure Spanish TV Viewing" Spanish International Network 1979.

Two years ago, the Association of American Advertising Agencies (AAAA) expressed concern of the problem of representation. The National Association of Broadcasters (NAB) has expressed its concern and has become a coordinator of an Arbitron-Nielson effort to jointly pool their resources.

Nielson has volunteered money to improve its methods of measuring Spanish television viewers. S.I.N. interprets this as an admission that their current techniques are less than adequate.

Expenses of advertising continue to rise at an ever-increasing rate. For companies who want to get the greatest impact our of their advertising budget, Spanish television exposure may deliver better results than English network TV buys.

On one hand, the Hispanic market is a growing market in size and economic force. One the other hand, according to a Hispanic advertising executive, "In a way it is still a virgin market. Those who move in now and capitalize on this period might enjoy healthy rewards for years and probably achieve them in a much more economical way than in the general market."7

Conclusions

The early S.I.N. advertisers have positioned themselves in the Hispanic market. for these reasons:

1. Hispanics in the U.S. number 20 million and represent an untapped consumer market growing 5½ times faster than the national average.

2. Because of the language barrier, they have used Spanish media to communicate with the consumer.

Present rating information from Nielson and Arbitron is antiquated and inaccurate.

Measured by both recall studies and sales results, Spanish-language television has made it in the competitive advertising jungle because of its cost efficiencies.

Recommendations

1. Advertisers and agencies need to make use of the Yankelovich, Skelly & White study of the Hispanic market in the United States.

2. Audience estimates must be more accurately compiled from Spanish-language interviews by research companies like Nielson and Arbitron, who measure television viewing.

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7 David Astor, Marketing Communications. "The Hispanic Market: An In-Depth Profile." July 1981.

3. Businesses that wish to make their name known to Hispanics in the U.S. ought to seriously consider the powerful influence that Spanish television has developed with a cost efficient reach.

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PANEL

"OPPORTUNITIES FOR COOPERATION BETWEEN HISPANIC AND NON-HISPANIC ADVERTISING AGENCIES"

Chairperson: Dr. Francisco Coronel, Chicago Board of Trade

Panel Members:

Mr. Robert Campbell, Illinois Bell Telephone Co.
Mr. Jorge Caballero, Jorge Caballero and Associates
Mr. John Dussman, Chicago Sun-Times
Ms. Joanne Frank, Tatham-Laird-Kudner
Ms. Geni Friedman, Market Facts
Mr. David Hart, Jewel Companies
Ms. Casey Ladowcki, Chicago Sun-Times
Mr. Don Marian, Lotus Reps.
Ms. Eileen Martinez-Holmes, S.I.N.
Mr. James Martinez, Chicago Sun-Times
Ms. Cathy Nicolinni, J. Walter Thompson-Hispania
Ms. Marta Perez, O.M.A.R.
Mr. George San-Juan, D'Arcy, McManus & Masins
Ms. Aurelia Santiago, S.I.N.
Ms. Lorraine A. Schultz, Sears Roebuck & Co.

SUMMARY

1) Advertisers to the Hispanic Market look for the following items in an advertising agency:

   - Creative ability.
   - Media knowledge.
   - Research ability to focus on Hispanics.
   - Understanding of lifestyles, culture and language of newcomers.

2) Among the reasons why Hispanics perceive English media as superior in terms of "modernity" and "professionalism" the following were mentioned more often:

   - Physical characteristics of media i.e., NBC vs. XYZ local.
   - Quality of print reading.
   - Distribution and total "package".
   - Economic and financial considerations.

3) Non-Hispanic advertising agencies use the following to break the language barrier and understand the kind of life Hispanics lead:

   - Consultants.
   - Hire Hispanic talent.
   - Liaison group.

4) Types of activities performed by Hispanic and non-Hispanic advertising agencies on the Hispanic market:

   - Supermarket tracking studies: Store comparisons.
   - Focus groups on new products.
   - Test market.
   - Surveys.
   - In general not much different from other ad agencies work.

5) Miscellaneous:

   - Closely knit group of Hispanic talent.
   - Work requires a lot of community involvement.
   - Opportunities for work are available for the person that knows the ad agency business.

PANEL

"DEFINING GENERIC SPANISH:

Chairperson: Alfredo Jarrin, J. Walter Thompson, Los Angeles, California

Panel Members:

Ms. Mary Beth McCabe,[1] WCIU-TV, Chicago, Illinois
Dr. Henry Adams-Esquivel, Market Research, Inc., San Diego, California

SUMMARY

The purpose of this session was to demystify the subject of Spanish copy translations and creative strategies of advertising campaigns directed to Hispanics in their media.

The recommendation was made that advertising ought to fit the geographic boundaries within which the campaign would be used. For example, "automobil" is understood at the national level, while "carro" and "coche" may be used on a regional level. For broadcast purposes, both in radio and TV, it was suggested that when possible, Standard Broadcast Spanish or "Walter Cronkite Spanish" ought to be used.

An active discussion from those in the room offering case histories on the risks/benefits of segmenting toward the Hispanic market ensued. The risks of supersegmentation, i.e., to the point of irrelevance, were brought to the forefront. Also, the benefits of segmenting to reach a specific Hispanic subsegment, for example, "Tex-Mex" Hispanics were discussed.

Backtranslations, the panelists agreed, often distort or neutralize the impact and are rarely used. One agency representative recommended an alternative; he suggests an oral backtranslation so that the meaning would remain clear. For those who were not familiar with its use, backtransaltion means translating the Spanish commercial into English for the purpose of English-speaking persons.

This roundtable discussion was effective in accomplishing its goals of demystifying the creative process and proving that Spanish is, as one executive called it a "stretch language" where one size fits all.

In summary, clarity within agency and client communication is the starting point in the success of the advertising message.

Attendance:

Estimated 20 persons in audience

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Backgrounds

25% Advertising agencies
10% Retail and product advertisers
50% Marketing Research firms
5% Journalists
5% Educators
5% Students

Personal Recommendations & Comments

Even though many at this roundtable have been involved in Spanish marketing, this was an opportunity to inquire as to terms like "Spanish" - a combination of English and Spanish and backtranslation - a reverse in copy, i.e., back to English. The session was most worthwhile for those who already had some experience working with Spanish creative and mass media.

The members of the panel and audience were open to discussion on the topic of "Generic" Spanish. They were open in their remarks and shared experiences to help de-mystify the common question of "What do I do for a Spanish-language commercial?"

From opening remarks on the meaning of "Generic" Spanish to samples of Spanglish, the session was outstanding and thorough in accomplishing its purpose.

(Prepared by Mary Beth McCabe)

A POSITION PAPER ON:

DEFINING "GENERIC" SPANISH

Alfredo Jarrin[1]
J. Walter Thompson/Hispania

It doesn't happen too often now, but people have asked me which dialect of Spanish I speak. My answer should be, "I speak Mexicanese, but also have a working knowledge of Cubanese," but that would only perpetuate a misconception. So I set them straight from the start: "Spanish, like English, is a stretch language; one size fits all."

After history converted Spanish from the mean of expression of a handful of mountain people into the 4th ranking language in the world, a certain form of universality has been achieved by the 215-million Hispanics that share this one language. And every day such degree of universality is greater, because words and regional inflections travel like birds in mysterious migrations, contributing to the life and influence of a system of communication. Language, like the human beings who speak it, must change constantly to survive. Giving and taking is the exercise that keeps a language alive and healthy. (Of course, we still can't find tacos and enchiladas in Buenos Aires, but we're working at it).

Now, to the point of this round-table discussion: Defining "Generic" Spanish.

We are trying to find a "safe" way of using Spanish in communications directed to segments or the total 22 million Hispanics residing in the U.S.(legally or otherwise). In other words, we are going to talk about the flexibility of the language of a nation within a nation.

I said talk, meaning something brief within the time we have, because this subject alone could take days and days of recycled discussions without any firm and definite legislation. After Columbus went back to Spain taking with him the noun "canoa," canoe, among other words (and things) from the newly discovered lands, the stern grammarians in the Metropolis needed two hundred years to incorporate the neologism into the official dictionary. Therefore, today, we will compare notes and present for your consideration our opinions and experiences which may add to the knowledge you already have. Lacking time and authority, we'll whistle a tune, not play the orchestra's score.

Having said that a degree of universality has been achieved language-wise among the Hispanic nations, I will state that any person in the Spanish World understands and accepts without any trouble a Pan-Hispanic tongue.

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Our "Caudal Comun" of words is so vast that it takes care of all possible relations. If used with precision there are no risks of ambigueties. As learned people, you know that precision in writing gives splendor to thoughts when fully fashioned.

Therefore, by simply avoiding linguistic taboos, it is absolutely possible to create concepts and develop advertisements for any Spanish-speaking group of individuals, large or small, residing anywhere in the Hemisphere. Taking the usual vocabulary in whole, it is basically the same in the country gent from Castilla, the huaso from Chile, the farmer from Ecuador, the ejidatario from Mexico and the urban man from Bogota, Lima or Madrid.

At the same time, as communicator, and precisely because language is dynamic and not static, I believe in the use of popular idiomatics when such expressions contribute to smoother transactions of thoughts, giving relevancy to the concepts and becoming, for that reason, motivating factors.

This doesn't mean anything goes. It means that language, as it changes, conforms itself to special groups and occasions. There is a time for slang, a place for new words, and opportunity for literary form. Common sense--and budget--will guide your judgment on what is adequate for all areas, and what is better to localize if, in a certain particular case, what is with-it in California may be without-it in Florida; what is innocent here may be obscene 30 miles away. It happens in every language, not only in Spanish.

How to tell, for sure? Besides your common sense and a priceless ingredient called experience, you must be a skilled observer of speech. This is an obvious qualification for the wordsmith in your agency.

Contrary to common belief, differences in terms or sounds in Spanish are not the sins of Latin America. They were registered by Cervantes, and through him we deduct that many discrepancies observed today in America (we call America the whole Hemisphere, by the way. We started doing that one-hundred years before the arrival of the Mayflower)...I repeat: Many discrepancies observed today in America existed already in the Iberian Peninsula, at the time of the Discovery of the New World.

In his book Rinconete y Cortadillo, Cervantes mentions that people in Sevilla prefer to say "maceta," not "tiesto". In his Don Quijote he notes that "bacalao" in Andalucia is "abadejo" in Castilla. Today, following the same letter, a recipe with red snapper directed to Hispanics in New York, Florida and the West would refer to it as "pargo colorado," and everybody would understand. But if your recipe is to appear only in local media in California or Texas, you will get closer to the Mexican consumer saying "huachinango."

My advice in such cases is go for the practical use. If you have only 30 seconds to live in a TV commercial, the word that sounds like home may have a better access to that sensitive string that should elicit the response we had in mind.

Why is it so important that the word sounds like home?

In the U.S., we the Hispanics are people in transition, surrounded by the Anglo culture. Many are newly arrived and *wrongly* arrived. So, we huddle around language and close family life as means of comfort and security. This proximity to friends and family has helped Hispanics to preserve a bond that immigrants from more distant places have lost. We are *a community with grandfathers.* In this situation, our language has a double function: It is a social system of relation and a formal expression of beauty.

What a profitable decision to talk to us in Spanish; but you must do it with finesse. Be practical, but don't overdo the colloquial bit. I say this...because in the name of...of creativity, irresponsible hands can distort or corrupt the written or spoken speech. One thing is to *localize* to increase the emotional impact of a commercial message, and quite another is to wallow with the language of the lowest common denominator. Your carefully targeted group may be there, but your image may also plunge to the lowest common denominator.

For your own safety, confide your advertising to educated professionals. They will avoid the horrors of anarchy, without losing touch of the *functional* tongue. The word, like clay or color, is an art material.

Now, how about translations? I detest translations!

It's been said that when man realized he could no longer communicate with his fellow man after the confusion of tongues, he began to seek ways of circumventing the will of God -- and translators were the outcome. The Italians say "Tradutore = tradittore" (translator = traitor). No wonder. They lost Nice and Savoy to France because of misunderstandings in translated documents.

Translating requires the perfect command of two languages, and most of us do not command even one.

Very, very few of the works created and executed for the Anglo market work in Spanish via translations. Recreations and uses of certain elements are sometimes possible. But if your intention is to get a response from your consumer, and not from your top management, it certainly is better not to disguise English advertisements with a Spanish off-the-cuff translation. It is our social obligation to avoid cheap jobs done usually in great haste.

In sum, yes, there is such a thing as "generic" Spanish, whose quality will depend upon the professionals performing the job of connecting your product with the consumer. Colloquialisms are *in* if they are relevant and not simply cosmetic. Translations are *out*. And translations trusted to the publications are *way out*.

The Hispanic presence is a reality that deserves better creative values in each communication. Wouldn't you be concerned with lagging sales in the State of Illinois? The Spanish speaking population of the U.S. is double that of the State of Illinois. Consequently, you should apply in the creative work for this emerging market the same standards of quality that apply to your general advertising programs. Of course, there is no universal avenue for creative success, but that is a first step long overdue.

DEFINING GENERIC SPANISH

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A technical psycholinguistic discussion is provided of the range of ways one can define 'generic Spanish,' from very diffuse to very precise, depending on how much control marketers and advertisers want their communications to have with specific Hispanic groups and specific products. Though 'safe,' a too literal 'Walter Cronkite' Spanish can result in weak appeals, while an uncritical use of regional (e.g., Cuban) dialects with major Hispanic subgroups (e.g., Mexicans) can result in total loss of appeals. A precision-approach engineers high-frequency sound, form, sequencing and conceptual executions which include socio-economic elements, and aim at heavily weighted images and persuasive styles. The pitfalls of relying on dictionary, grammatical, 'idiomatic' approaches, or on the intuitions of Hispanic creatives or management, are also discussed. The perils of making strategic decisions on non-technical intuitions about 'assimilation, acculturation, and bilingualism' are reviewed.

Technical Considerations

'Generic Spanish' usually refers to a 'Standard' Spanish. That is, a Spanish that 'more or less most Hispanics speak.' A problem arises with this strict view of 'generic' and it is best highlighted by reference to English. For example, one can say that there is a 'generic' English that is common to Americans, Canadians, Australians, and Britons (including Scots, Irish, and Englishmen). But such a definition tends to be too diffuse to be of real effectiveness in targeting specific appeals; appeals, after all, are conditioned by cultural practices. This, from a technical psycholinguistic view, too diffuse a definition of anything 'generic' has only limited use for rifle marketing or advertising to specific consumer segments with necessarily different product uses, motives, etc.

There are several ways of establishing the technical parameters of 'generic Spanish:' 1) a formal, grammatical, dictionary, or 'idiomatic' approach; 2) the subjective approach, which relies heavily on the intuitions Hispanic creative directors or copywriters have about Spanish, English, or Spanglish communications targeted against Hispanics; and, 3) what I call, for lack of a better term, an operant approach, the objective of which is to pinpoint the high frequency phonetic (sound), morphologic (form), syntactic (sequential), and conceptual patterns which weigh most heavily on very specific Hispanic groups at very specific socio-economic levels, in short 'operate' on their top-of-mind elements.

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1) For the purposes, then, of communicating to Hispanics in a way that persuades them to buy a client's products, the dictionary, grammatical or strictly 'idiomatic' approach to Spanish reveals great limitations. While a very good grammar book might indicate that the 'tu' form of Spanish is equally correct for Mexicans and Caribbean Hispanics (i.e., Puerto Ricans, Cubans, and Dominicans), the grammar book has not been printed yet that can give us the details one needs to be persuasive with consumers: e.g., how frequently, on what occasions, with whom (age, sex, occupation, income, lifestyle) and what respective weight Mexicans or Caribbean Hispanics attach to the 'tu' form in the marketing communications and advertising appeals of specific product categories. Even a bit more subtle is the impossibility of finding out how and why Mexican origin Hispanics strongly associate the 'tu' form with appeals for children rather than adults while Caribbean Hispanics weight 'tu' roughly equally for children, adolescents, as well as adults. Dictionary approaches are even more limited: their major limitation is that they not only provide no direction on the words that surround the one we are looking up, but there is no way of knowing if the weight of that particular word has increased, decreased, or remained the same, or if ther are alternative forms for that word that are more appropriate. For example, one large cigarette company apparently went with their agency's dictionary version of "tar" for commercials targeted against Mexicans and used a word ("brea") which has a one-to-one relationship with "tar" for Cubans. Among Mexicans, however, "brea" is closer in actual usage to "asphalt" and the campaign wound up being non-intelligible or ridiculous to Mexicans who make up almost 65% of the total Hispanic market while Cubans make up 7% of the Hispanic market. One could, of course, have asked a Mexican what the meaning' of "tar" was, but frequently the subjective opinions people have about one language, let alone two, can be more confusing and misguided than looking up a word in the worst dictionary. The 'idiomatic' approach is similar in its limitations to the dictionary approach: this time one is given a string of words, but one has no information on the conditions under which such words can be used, particularly with whom, for what purpose, and with what potential consequences. The 'idiomatic' approach is possibly one of the more stereotyping approaches one can take because usually heavily weighted phrases or parts of phrases are used out of context, usually with the wrong person, for the wrong purpose or else with no obvious purpose at all, and without any apparent regard for the consequences of their usage. It is the sort of comment a foreigner will make in another country to try to show a native that they have picked up some subtleties of the native's language. Recently we consulted on a project where the agency had used a slogan developed from an idiomatic expression in Mexican Spanish. The slogan was "Me cae...suave"/It suits me...well, associated to a rather benign idiomatic expression "Me cae...bien"/It suits me...well, also. The problem was that there was a second, not-

so-benign idiomatic expression, "Me cae...de madres," the essence of which is "screw your mother" and which is used frequently when one wants to say something vulgar. Needless to say, research revealed that respondents, including very proper housewives, picked up the vulgar deeper meaning of the expression rather than the benign one, and they were understandably very negative about such a "tasteless" ad. In sum, not only are the 'dictionary, grammatical, or idiomatic' approaches extremely limited ways of communicating cross-culturally, they are risky if not dangerous tactically.

2) The subjective approach, commonsense tells us should be avoided, but even in this era of seemingly scientific marketing and advertising it accounts for a good deal of the direction that goes into current Hispanic marketing and advertising. The rationale behind following subjective leads in such a costly enterprise as marketing and advertising products, often escapes me and I assume the only reason it continues to be used is because of complex human factors such as personal pride, proving to the boss that one really does know everything, or not 'lowering oneself' to ask for guidance from 'the number crunchers.' Were one trying to market or advertise to the English language market, one would quickly dismiss as non-professional anyone who presumed to be able to speak for Americans, Canadians, Australians, and Scots, Irish, and Englishmen! Yet, not only are there savants in the Hispanic market who presume, on strictly intuitive grounds, to be endowed with the insight to speak for Mexicans, Central and South Americans, Puerto Ricans, and Cubans, but they somehow are allowed to do so without the slightest effort to confirm the substantive or empirical bases of their pronouncements. My point is really a commonsense one: in the same way that we would be intolerant of an American marketing manager or creative director who presumed to make costly strategic decisions about Canadians, Australians, etc., without solid confirming data obtained under tight, technically sound conditions, one should be intolerant of such subjective flights of fantasy in the Hispanic market. Common sense also tells us that any research across segments is highly prone to bias and nonsystematic error, and of course moving across languages as well adds even greater potential for bias and error. Yet, much research in the Hispanic field is, even under such conditions of highly probable error, not much better than what could be obtained from the subjective intuitions of Hispanic marketing managers and creative directors. In sum, the subjective approach is risky and costly; solid cross-cultural research methods exist that can provide stability to language and segmental factors but little has been published on what constitutes 'solid cross-cultural research methods' (see, for example, Loretta Adams' paper in this volume for details on one approach to cross-cultural research).

3) An operant approach to 'generic Spanish' is a procedure used to dissect the elements of what constitute Hispanic 'top-of-mind' and the decision process for specific products. An operant approach is basically an approach to obtaining solid data, in this case on the consequential communication patterns of U.S. Hispanics. An operant approach is also different from merely using a 'bag of tricks' to elicit responses from Hispanics, yet not developing 'hard data' based on a systematic rationale of Hispanic consumer behavior. In developing

'data' on 'generic Spanish,' for example, an operant tries first to ascertain what is known about the Spanish of Latin America (i.e., the Spanish that U.S. Hispanics speak). A good deal of secondary data is available (see, for example, Sebeok, 1968; and the "Language" sections of the Handbook of Latin American Studies (in Adams, 1966, 1968, and 1970). Primary data is also available from each focus group one conducts with Hispanics. Structuring group discussions appropriately, one can determine current phonology (sound), morphology (form), syntax (sequential patterns), and particularly changing conceptual patterns, giving one up-to-date information on the elements which will go into defining 'generic Spanish' at any given point in time, and in its most consequential manner for the specific purposes of communicating and persuading effectively to groups of specific Hispanic consumers. Using the example of the English language market again, it would be of little use to say that one wanted to develop a 'generic English' without also saying against whom that 'generic English' was to be targeted. If it was to Americans and Canadians, the 'generic English' one developed would be substantially different from, say, the 'generic English' one would develop if one were targeting marketing communications against Irishmen and West Indians. "Generic Spanish' too, without an indication of the group of consumers to whom one was rifle marketing, would tend to be very diffuse. A 'Walter Cronkite English' might work to communicate fairly dry news items, but would it work to persuade an Australian to buy a light American beer? Probably not. In the same way, a 'Jacobo Zabludovsky Spanish' (Cronkite's counterpart among Hispanics) might work up to a certain point, but once specific products were associated with that variety of Spanish, its effectiveness might weaken substantially. Recapping what I said at the beginning, a Cronkite/Zabludovsky level of communication would tend to be received as a 'Standard' brand of language, or 'what more or less most people speak.' And it would be understood, and probably be felt to be 'in good taste.' The question really is, Would it be persuasive? Research indicates, maybe.

With this rather lengthy frame of reference for discussing 'generic Spanish,' let me sum up what we have up to now before casting 'generic Spanish' in cement.

A) Dictionaries, grammars, or lists of 'idioms' are not only risky, but dangerous tactically;

B) The personal intuitions of Hispanic marketing managers or creative directors are not data, but possibly interesting personal opinions;

C) Researcher's 'Hispanic bags of tricks' have as much chance of working as they do of failing (in short, they are a 'toss-of-a-coin' risk);

D) A good deal of secondary data exists on the Spanish most Hispanics would speak, and much primary data exists on the Spanish specific Hispanics speak (and think in) right up to the present day, however the interpretation and collection of this type of data requires a good deal of technical training and experience;

E) In the same way that one could say that what Walter Cronkite speaks is 'generic English,' it can be said that what Jacobo Zabludovsky from Mexico speaks is 'generic Spanish.' But the non-trivial question is, For my product, would it be persuasive? Is 'maybe' enough?

F) 'Generic Spanish,' then, can be defined as Standard (grammatical) Spanish from which all traces of regionalisms or stylistic features have been systematically eliminated.

Even (F), however, requires some qualifications. For example, we make a point of stressing that 'Standard' (grammatical) Spanish is not Castilian or any other dialect of Spanish from Spain but rather 'Standard Latin American Spanish.' then one has to add that 'Standard Latin American Spanish' is not Argentine, Cuban, Colombian, Puerto Rican or other educated brands of Spanish (which usually implies stylistic features), but rather a Spanish which has eliminated regional sound, pitch, intonation, unique grammatical usage, and conceptual patterns. Noise (bias, error) elimination in cross-cultural research is essential. Cubans, e.g., emit 'noise' in several ways, i.e., for Mexican consumers:

1) The phoneme /s/ has two allophones [s-] and [-h]. In other words, Cubans say initial /s/ differently from final /s/.

Cubans, for example, will say "senora" with an initial /s/ that is different in sound from their final /s/ in "las senoras." The two /s/ sounds to Cubans are the same and signal meaning to them so that they have no problem hearing the shift. However, Mexicans execute /s/ in initial and final position in the same manner, as [s]. So to Mexicans who heard "las senoras" executived as [lah senorah], the Cuban rendition of final /s/ is simply noise. Since sound discrimination is an unconscious process, Mexicans would not know what was wrong with the Cuban rendition, they would simply hear it as noise.

2) The phoneme /n/ has two allophones [n-] and [-ng]. Cubans also say initial /n/ significantly differently from final /n/.

Therefore, any urge lines in the 'Ud' form of the verb -- be sure to eat/buy/call etc. -- would be noise to Mexicans when executed by Cubans speaking unconsciously their brand of Spanish. "Coman...compren...hablen" would be [comang...compreng...hableng], while to Mexicans -- who only hear [coman...compren...hablen...] -- such renditions would be noise. A similar example from English is what happens to final /r/ in the New York City dialect; a /car/ is a [cah] to anyone from New York City. Context will often help in unscrambling the noise over several sentences, but who has several sentences in a 30-second commercial? Noise elimination helps.

3) A dual sound problem arises in what Cubans unconsciously do with what in English would be the -ly suffix that is added to adjectives (rapid-ly, dangerous-ly). They have two problems

with the /-mente/ suffix: apparently due to what they do with /n/, rendering it [-ng], they create a diphthong of the prior vowel, so that /-mente/ is rendered [-meingte], and what to Mexicans is said as [rapidamente] to Cubans becomes [rapidameingte], which again is simply heard as noise.

Pitch is another phenomenon in its own right, and which can lead to noise in creative productions. Anyone who has listened to Puerto Rican and Mexican women's focus groups will have had a personal experience between the pitch levels of Puerto Rican women compared to Mexican women. The noise aspect of pitch is that the non-technician merely tends to interpret pitch as some aspect of impoliteness or emotional quality. Puerto Rican pitch levels, to Mexican women, then, appear as 'yelling...hysterical...loud...rude,' while Mexican pitch levels, to Puerto Rican women appear as 'dull...very quiet...so proper,' judgments which are based on the physics of their unconscious pitch levels interpreted within the listener's range of psychological tolerance for dissonance, which is usually very little expecially in 30 seconds!

An example of differences in grammatical usage interpreted as noise, and unfortunately for purchase-decision purposes a type of noise which excludes one from the product-choice process is the distribution between the 'tu' vs. the 'Ud.' forms of the verb among Caribbean Hispanics vs. Mexicans which was mentioned earlier.

4) The 'tu/Ud.' morphemes are not the problem in and of themselves, but rather it is their rather unique distributions with product categories, which is a psycholinguistic phenomenon of the classic type in consumer research. Cubans, for example, have a higher tolerance for use of the 'tu' form with all product categories; Mexicans, on the other hand, have lower tolerance of the 'tu' form and associate 'tu' with product-use by children. Ad adult product, for example, could not be advertised to Mexican women with the 'tu' form of the verb, whereas it could be with Cuban women. On the other hand, Mexican women might tolerate a snack food advertised with 'tu' as including them as potential consumers as well. A skin care product in the 'tu' form, however, Mexican women might feel was not for them but for young girls.

Conceptual patterns are admittedly subtle and require knowing not only what is Hispanic common conceptual usage, but what is not: i.e., noise elimination again, which is a technical skill.

5) American general population research has for years embedded in its questions to consumers American assumptions about how individuals are independent decision-makers and do things for themselves. A general population survey might, for example, ask women about the opportunity to have careers. The predicted direction of such a question with usually more traditional Hispanic women (especially if she happened to be predominately Spanish speaking) is towards weighing less personal career and weighing more family, children, husband, parents, etc. If such a question is asked without controlling that the

language of the interviewer be neutral (i.e., neither betraying American influences nor being 'traditional'), the tendency would be for such women to yay-say in the direction of general pooulation bias (i.e., Yes, women should have an opportunity to pursue careers). The problem is that they would probably continue to make purchase decisions like traditional Hispanic housewives!

By not having preknowledge of what was not 'traditional...Hispanic... and female' — and appropriately controlling for substantial bias and loss of validity in the survey -- strategic decisions could be formulated that would be meaningless in the final choice process.

All of these elements -- sound, pitch, intonation, grammatical usage, conceptual -- interact, therefore, to create a portion of Hispanic 'top-of-mind.' Given the above -- i.e., that a 'generic Spanish' is far more than a mere sound pattern -- the limitations for strategic consumer purposes of taking a too literal 'Walter Cronkite/Jacobo Zabludovsky' view of 'generic English/Spanish' becomes obvious. A few more qualifications, however, are necessary in order to control more effectively all elements of the Hispanic consumer's top-of-mind. The approach we take to defining 'generic Spanish' as tightly as we can includes four elements, one of which has already been described:

G) Linguistic factors (described above);

H) Sociolinguistic factors: communications phenomena involving interactions between linguistic factors and demographic and socioeconomic factors (such as age, sex, education, rural/urban background, etc.);

I) Psycholinguistic factors: interactions between linguistic, demographic, socioeconomic, and culturally conditioned conceptual patterns; and,

J) Operant behavioral factors: classes of responses which cooccur with particular product use/product avoidance, product benefit/product hazard, etc. patterns.

Sociolinguistic factors are apparent in recently arrived Hispanics in particular. As would be expected, recently arrived Hispanics are still basically feeling, behaving, and thinking as they were in their countries of origin: taste preferences, food habits, levels of specific knowledge and awareness of particular products, use/avoidance patterns, etc. are still high frequency operants which will be sustained throughout the remainder of their life in most instances. And these patterns are expressed in communications in different ways depending on variations in older/younger, male/female, less educated/more educated, rural/urban, and upscale/downscale patterns, among others. The 'properness' of the traditional Hispanic housewife, for example, can be systematically varied on the basis of socioeconomic factors such as prior income in Latin America, education, frequency of international travel, etc. To the extent one controls for these factors, their variation in surveys, for example, on 'traditional housewives' attitudes would tend to be less error-laden. (See Labov, 1972).

Psycholinguistic factors are frequently expressed in consumer research with Hispanics as attitudes, motivations, or decision processes which are at wide variance with the general population. For example, the 'fact of life,' for many Mexican traditional housewives, that they must be 'self-sacrificing' provides extremely strong pull on the type of product such a woman would select, and conditions immensely the response she would tend to have to positioning statements and appeals that do not take these 'facts of life' into account. It is extremely difficult to persuade a 'self-sacrificing' traditional housewife with convenience benefits alone, or on positionings to 'modern, assertive' women. Thus, to assume that general population 'givens' are givens with Hispanics, a priori, without tightly controlled research, can lead to costly mistakes and loss of top-of-mind to competitors who are aware of the need to pinpoint distinctive differences for Hispanic housewives. How one taps these subtle communication patterns requires some technical training in observation skills: one has to be able to discriminate if a woman's response in such a situation is indeed legitimately 'self-sacrificing' or simply an American woman who is 'non-assertive.' The distinctions in the decision-process are non-trivial. And they are critical in Spanish-language Qaires.

Operant factors are strictly speaking those repetitive behaviors maintained by certain products and expressed as evasive, avoidant behaviors or as high frequency use behaviors. For example, some Mexican origin Hispanics — of all SES levels — tended not to take medications as prescribed. Research indicated that there were significant differences in pill vs. capsule taking, the pill-taking being associated with feelings of 'loss of control.' The question really was, How to arrange the conditions of 'pill-taking' so that they not be adversely associated with 'loss of control.' One approach was for the physician to prescribe vitamin B12 along with the other pills in order to 'increase control' again and neutralize the effects of 'pills' alone. Why the recommendation was made for 'vitamins' and why specifically 'B12' with Mexicans was the result of years of experience analyzing Mexican operant behavior in this manner. Using this approach one is able to resolve such highly subtle problems as: Why a particular positioning statement does not seem to work; Why particular copy points are not recalled and purchase-intent statements are low or else negative; Why Cuban women find a particular product benefit credible, and make positive mentions, while Mexican women do not find the same product benefit credible, and make numerous negative mentions; Why a particular male voice-over elicits confusion, while the female talent, from the same city, does not confuse and received instead many positive mentions; or, Why a particular campaign appears to be eliciting homosexual images among Puerto Rican respondents. If one only took a 'generic Spanish' approach to such problems, they would essentially be impossible to resolve because of the 'too general' nature of the inputs obtained from a strictly 'generic Spanish' approach. The question then is whether this type of phenomenon is also to be considered as part of what we have been calling 'generic Spanish?' My own inclination is to say, yes: what people speak is merely the other side of the coin of the way they behave, consume or make product decisions.

Technically, what I am saying is that, for effective marketing and advertising 'generic Spanish' or (English!) should go beyond merely the sounds of 'average' English. A non-trivial definition of 'generic Spanish' should include the technical elements that would be needed to overcome any communication barriers lying in the way of truly effective marketing and advertising tactics. There are two final technical details to be made about 'generic Spanish.' Again, for noise-elimination.

Stressing again that 'generic Spanish' is not literary or academic Spanish, but rather what most speakers speak, a bottomline definition of 'generic Spanish' aimed at the national Hispanic market should then be relevant and meaningful to those who are the actual constituents of the Hispanic market:

K) A national definition of 'generic Spanish' should be weighted in terms of all of the elements mentioned above as follows: 62% Mexican; 19% Central and South America; 14% Puerto Rican; and 5% Cuban (i.e., sounds, form, concepts, etc. in these proportions);

L) Research nationwide that controlled tightly for Spanish language performance (rather than preference) revealed almost 80% of the Hispanic market having virtually insignificant retention of any English language appeals. Considering that the major growth in the Hispanic market has taken place in the past 20 years, and no empirical data exists which supports loss of a native language within one's lifetime, the composition of 'generic Spanish' should consist in its majority of modern, Mexican Spanish as spoken in North Central Mexico by persons with roughly a secondary education.

Assuming one wanted to get a little fancier with 'generic Spanish' appeals for the national Hispanic market and one wanted to develop appeals which showed commonalities across all the Hispanic subgroups, how would one do this?

M) It is less risky to determine commonalities if one has detailed information first on the differences between the major Hispanic subgroups. Contrastive analysis of all elements -- from sound to conceptual systems -- would tend to reveal important differences to each group which should be tightly controlled for, then positively weighted commonalities should be assessed for their relevance to the product category.

Hispanics, for example, reveal a number of differences in the way they carry out family activities. The form in which they do it differs, but that they do weight family activities heavily is a commonality. They also have commonalities in music, and food, as well as physical characteristics and dress. One project had us develop a 'generic' campaign in the liquor category and we came up with the following: 'Walter Cronkite' Spanish; brunette talent (only some of whom had mustaches, and the women did not have too much jewelry); a paella type main dish with lots of ham (still on the bone) and egg bread; a Rigo

Tovar type salsa music; and, dresses for the women and suits for the men ('well dressed' without looking stiff). A series of qualitative groups to evaluate effectiveness of the campaign revealed extremely high ratings across all Hispanic groups.

Summing up, 'generic Spanish' can be defined -- to get one into the ballpark safely -- as 'Walter Cronkite Spanish,' which would tend to be effective for general purposes. As soon as consumer subtleties became a problem, however, deeper analyses would be necessary for corrective action to be effective. To the extent that one can discriminate those subtleties, control the why's and how's, increase, decrease or maintain consequential elements, corrective action can usually be implemented as it becomes necessary. Otherwise, marketing and creative execution are essentially a random process and being 'on target' becomes a flip of a coin. 'Generic Spanish,' then, is best viewed as a continuum that ranges from 'very rough' communication control to 'very precise.' How much marketers or creatives want to be on target determines the inputs that go into one's implementation of 'generic Spanish' and the potential effect they have on a narrow-range or wide-range of Hispanic top-of-mind phenomena.

Assimilation and Acculturation

The so-called 'assimilation and acculturation' of U.S. Hispanics has received a good deal of attention from marketers and agencies alike. Like 'generic Spanish,' however, much unfounded opinion and personal intuitions cloud the issue.

Put briefly, there are no psycholinguistic or learning research findings from anywhere in the world that support the argument that anyone (including Hispanics) can lose an enormous repertoire of unconscious habits -- from taste preferences and how one relates to older people, to the use of the Spanish language -- and supposedly substitute new (American) habits, within one lifetime. Neither the supposed 'will to learn English,' nor the random teaching contingencies available to Hispanics by merely residing in the major Hispanic urban centers can cause such wide-ranging changes to take place.

The type of 'assimilation and acculturation' that we have seen, however, is that of, for example, Central Americans in Los Angeles 'assimilating' numerous linguistic borrowing, food habits, tast and musical preferences, and acquiring specific knowledge and awareness of Mexican products from the larger Mexican community of Hispanics. In other words, to Central Americans, it appears that Mexicans are perceived as the 'mainstream culture' in Los Angeles and they are 'acculturating' towards the Mexican culture. In Texas, Central and South Americans are also 'acculturating' towards the Mexican 'mainstream culture,' and in Miami, Colombians are 'acculturating' towards the Cuban 'mainstream culture.' Nationally, as well, all Hispanics are losing the distinctive features of their regional behavior, becoming less Colombian, Ecuadorian, Salvadorean, etc., and 'acculturating' towards what appears to be a 'generic' U.S. Hispanic culture, limiting using strictly Latin American consumer data.

Language and culture are very similar in many respects, and in the same way that language is extremely difficult to 'lose' except under very exceptional learning conditions, so culture tends not to be lost within one lifetime. The factors that explain some of the current Spanish language maintenance in the U.S. in many respects also accounts for overall Hispanic cultural maintenance as well (see Figure 1). Everything indicates-- from the availability of a national Spanish language media network, to masses of new arrivals from politically and economically unstable Latin American -- that the so-called assimilation and acculturation of Hispanics over the next two decades will probably continue more in the direction of a 'generic' Hispanic culture than towards the U.S. general population.

Bilingualism

Secondary data on bilingualism is fairly abundant (for references, see Haugen, 1973), and a rather technical body of data is available on what constitutes bilingualism, ranging from responses to Osgood's Semantic differential to the study of bilingual's differential brainwave patterns.

I believe everyone would agree that being able to say, 'Hola...como estas,' or 'Vaya con Dios' does not, in and of itself, qualify a speaker as a bilingual. Bilingualism is more than being able to emit disconnected sounds, phrases, or 'idiomatic' expressions. The usual technical distinction is between "compound" and "coordinate" bilingual: the compound bilinguals are those who learned their languages at the same time (usually in early childhood) and can use them equally often with similar levels of expertise, while the coordinate bilinguals learned their languages at different times (usually one in youth and another several years later) and use their languages with varying degrees of frequency, range of use, and levels of expertise. A bilingual, regardless of the distinction in how they acquired their languages, will be able to discriminate in an unconscious manner all of the sounds, pitch levels, intonation patterns, grammatical usages, syntactic and semantic structures, and conceptual patterns of both of their languages. They will also, equally unconsciously, be able to emit either language under the right conditions, with the right persons, for the appropriate purposes, and with fairly good intuitive foreknowledge of the potential consequences of their respective uses. In the real world, bilingual skills lie along a continuum ranging from 'very limited' to 'very extensive.'

The question, then, for Hispanic marketing and advertising purposes is, What to do with Hispanic bilinguals? The answer is, of course, related to how much effort business wants to make to reach possibly 20% of the Hispanic market which was born and raised in the U.S.? Of that 20%, a major proportion falls into the 'very limited' range of the bilingual continuum and what we see is a tendency to rely heavily on English, usually having lost many years before the conditions which maintain Spanish language usage (Hispanic family, contacts, food habits, entertainment, etc.). How, then, does one develop appeals for a person who functionally is no longer a Hispanic but rather functions as a member of the general population? They can no longer be meaning-fully reached with Spanish language advertising, and the appeals embedded in the Spanish language commercials (aimed at elements relevant to a wide-ranging Hispanic lifestyle) are no longer meaningful in a non-trivial persuasive sense. The only alternative is to advertise in English with extremely subtle (usually almost Freudian) appeals, which most advertisers are pragmatically not willing to pay for at present.

Another alternative is currently being used, and that is to advertise in the 'Spanglish' language, a phenomenon that has been advocated by Chicano groups in Texas and parts of California. Research that we have conducted wtih groups of what would constitute the 20% of the Hispanic market that was born in the U.S. reveal that these are persons falling into the 'very limited' range of the bilingual continuum, are overwhelmingly English speaking, but do retain deep Hispanic appeals. But even these consumers tend to reveal that, even though they speak 'that way,' they do not want to be portrayed publicly in commercials speaking an unflattering dialect, being put into unflattering characterizations and situations, and basically being portrayed as 'different' publicly. They find this 'degrading' and do not want to have their 'differentness' made a 'public spectacle.'

A final commonsense point to stress is that, although agency bilinguals may have many intuitions about either or both of their languages, it should be recalled that their use is reflexive and utterly unconscious. Numerous strategies have been developed apparently on the intuitions of Hispanic bilinguals which had no substantive basis for them on closer scrutiny, and later proved to be costly mistakes. The problem lies in assuming, uncritically, that a bilingual's intuitions are somehow 'data' to guide strategy as well as execution. They may get one into the ballpark, but the details required for strategy and particularly effective execution cannot be discriminated without extensive technical training and experience. The analogy I use is: merely because the mechanic's son was around Rolls Royces all his life does not make him capable of fine-tuning the carburetor. Any advertiser who wants his 'Rolls Royce' tinkered with, then, may pay a costly price.

Roundtable Issues

What is generic Spanish, and when should it be used?

Standard, Latin American (grammatical) Spanish from which all regionalisms or stylistic features have been removed and which is relevant to a majority of one's target consumers. Ideally, the 'relevance' should be demonstrated with a representative sample of target consumers. Ideally too, strategic decisions should not be based on the intuitions of just any Hispanic: more reliable would be intuitions from a 'native informant' who was born, raised, educated and lived where most of one's target consumers are from.

How do mass media advertisers communicate effectively with the different nationalities of Hispanics?

Segmentation is really an attempt to find differences to which one can appeal profitably. Although there are differences among the different nationalities of Hispanics, among those differences are numerous overlapping commonalities. Where those commonalities are in high frequency usage (e.g., there are curse words or highly academic terms that are used, but once a year), and they are heavily weighted by the groups ('soccer...mother...and lemon pie'), then the probability of getting positives from all groups increases proportionately. On the other hand, we have heard of advertisers with the budgets to develop separate campaigns for each of the nationalities (some beer companies), and one that even has separate campaigns for upscale vs. downscale Cubans. Others with limited budgets who want to reach as wide a Hispanic market as possible have developed 'generic' campaigns using 'generic' (Walter Cronkite) Spanish and appeals that are relevant to all groups against whom efforts are targeted. Overall, research is indicating that the memorability of English language advertising is very close to nil: whether this is strictly language related or that the appeals used are largely irrelevant to Hispanics is not clear yet. It could be combinations of both, and only detailed diagnostic work would reveal what proportion with what groups and what products.

To what degree should an advertiser regionalize his message?

This seems more a matter of marketing strategy, and the individual capabilities of each marketer/advertiser. For example, recently arrived Mexican origin Hispanics tend to continue to use "rajas"/sliced jalapeno peppers with their food, and these tend to gravitate mainly towards California. After they have been here a couple of generations the habit tends to be lost, and in Texas where we find a more U.S.-born Mexican origin Hispanic population, "raja" use tends to be rather low.

A similar case exists with colognes for men: upscale Cubans would tend to be aware and be heavy users of colognes while the Mexican origin mass market in California would tend to be unaware and only very rare users. A regionalized message is obvious in this case. There are, however, no objective linguistic or motivational reasons for regionalizing all messages because of the supposed uniqueness of any one group of Hispanics over another: Argentines come close to being 'unique' but they too are reachable with Spanish language media of a particular type.

When adapting Anglo concepts to Spanish, what is the effect on the consumer?

The key word in this question is 'adapting' rather than mere 'translating.' The concept "Do your own thing" is, in many instances, highly aversive to many Hispanics. The Hispanic who "does his own thing" is often viewed as a sociopath who should be avoided. Tying appeals to a "do your own thing" positioning with Hipanics tends to fail. But one can adapt this to "do your own family thing" and find many Hispanics accepting this slight adaptation positively. If the 'adapting' is sensitively and tastefully done, the probability is good that it will work. The assumption that Anglo concepts must work is what frequently creates communication problems.

In which instances are English words acceptable in a Spanish language script? When is slang acceptable, if at all?

As long as the frequency use of English, or the slang, is high and positive among the majority of target consumers, they can be used. Even good Spanish words that lack memorability, credibility, or have negative weightings should be edited out and substituted with more demonstrably effective ones. Overall, Hispanics are showing themselves in research to be more responsive to conservative, tastefully done advertising executions that appeal to them in flattering ways. The grand creative leaps have not yet been found appealing I feel.

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BIOGRAPHICAL NOTES

HENRY ADAMS-ESQUIVEL (1940-), a native of Panama City, Panama, completed doctoral studies in psycholinguistics and operant psychology under C. B. Ferster at Georgetown University, during which time he published five volumes of the Handbook of Latin American Studies. Following a residence of eight years in Mexico City as a consultant in behavior modification and psycholinguistics, he completed a doctorate in psychology at the California School of Professional Psychology. He has conducted field research in psycholinguistics in Panama, Brazil and Mexico and consumer research and behavior modification in Mexico, Columbia, and Venezuela. He had extensive qualitative research experience with the national U.S. Hispanic market, and the Spanish and Portuguese speaking markets in Latin America. He has published monographs and papers on transcultural research, and has lectured extensively on transcultural method. His main fields of interest are applied use of psycholinguistic and operant behavioral principles to consumer, marketing and advertising research; he also consults to business, industry and goverment. Since 1980 he is Senior Partner and V.P. of Cross-Cultural and Communications Research at Market Development Inc. in San Diego, California.

PANEL
(Outline Only)

"PROBLEMS AND OPPORTUNITIES IN HISPANIC MARKETING RESEARCH"

Chairperson: Ms. Loretta Adams, Market Research, Inc., San Diego

Panel Members:

Mr. Barry Goldblatt, Director of Research, Johnson and Johnson Baby Products Division
Mr. Richard Tobin, President, Strategy Research Corp., Miami

SUBJECT MATTER:

This session will discuss issues at the edge of knowledge in Hispanic market research. There will be presentations of the conceptual issues, the practical situations encountered by a marketer and some possible solutions to improve the validity of research on Hispanics.

ISSUES:

- Common consumer behavior misperceptions affecting the validity of Hispanic consumer research.
- Clarification of the relevant features of Hispanic research for the U.S. marketer.
- Advantages of standardizing methods and assumptions.
- Exploration of some possible solutions.

PRESENTATIONS:

A Programmatic Approach to Hispanic Consumer, Marketing and Advertising Research
Loretta H. Adams, President, Market Research Inc., San Diego

Experiences of a non-Hispanic Marketer's Entry into the Hispanic Market
Barry Goldblatt, Director of Research, Johnson and Johnson Baby Products Divisions

The Successful Empathetic Approach to Hispanic Market
Richard Tobin, President, Strategy Research Corp., Miami

A PROGRAMMATIC APPROACH TO HISPANIC CONSUMER, MARKETING AND ADVERTISING RESEARCH

Loretta H. Adams[1]
Market Development, Inc.

Research conducted across segments or languages is highly prone to bias and nonsystematic error which cannot be statistically controlled. A programmatic approach attempts to provide tight control of communication, socioeconomic, and/or cultural sources of variation which can provide significant threats to the validity of qualitative and particularly quantitative research. An overview is given of some of the major sources on non-statistical measure unreliability which the author has observed in 20 years of Hispanic consumer research experience, and several ways of controlling for bias and potential error are described. The argument is put forth that most general population (within-group) methods are technically inadequate for controlling the many nonsystematic sources of bias and error that characterize transcultural (across-group) and particularly across-language research. Control of such sources of bias and error are best obtained when there is tight technical discrimination of language, culture, and method.

Sources of Nonsystematic Error

Some twenty years ago I came to the U.S. from Latin America to complete studies in Marketing and International Marketing. Not too long afterwards I was working for an advertising agency in New York and was assigned to work on a project for British American Tobacco in Caracas, Venezuela. My task was to 'translate' the questionnaire and interviewer instructions and supervise the field work since I was the Hispanic 'native' on staff at the time.

At the time, my thinking was that everyone in Latin America spoke the same language, so that whatever I wrote as a Panamanian would undoubtedly be understood by Venezuelans (I hadn't even considered Caraquenos speaking differently than other Venezuelans!) The pretest -- thanks to encouraging the interviewers to pass on to me all questions or even the minutest hesitations that were raised by respondents -- revealed not only differences in the same language, but in the way persons of different social classes in Venezuela differed with what I was accustomed to in Panama, the way in which concepts which were neutral or positive in Panama varied with the way they were used in Venezuela, and the ways Venezuelans used the product due to variations in the way myths, taboos, fears or urges condition use there in Venezuela compared to Panama. And this in a country only 1,000 miles away which, for all intents and purposes, was felt by most people living in the area to have the same overall cultural patterns as Panama. The experience impressed two basic methodological points on me:

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1) Even within the same language, moving across segments in the same market -- i.e., in the Latin American market, moving from the Panamanian to the Venezuelan segment -- there is a large potential for nonsystematic sources of bias and error;

2) Overwhelmingly, bias and error arise from unwanted (and uncontrolled for) variations in language, a number of socioeconomic factors -- age, sex, education, occupation and in Latin America, rural/urban upbringing, incidence of international travel, use of print media, etc. -- and conceptual and behavioral idiosyncrasies. To the extent that these factors were allowed to vary freely, and were not consciously controlled for, the consequence was uncontrolled-for variance and basic threats to the validity and ultimate use of the findings.

Some years later as Research Director for a large multinational company in Mexico City, I had the responsibility of carrying out two basic research functions: a) to obtain research from local Mexican suppliers that met U.S management's strategic objectives; and, b) to design quantitative and qualitative research that 'had to have' comparability with the firm's U.S. research. Consistently there would be unwanted variations: a) the local Mexican suppliers did not understand many of the subtle issues U.S. management wanted confirmed, nor did U.S. management understand many of the apparently subtle issues raised by the local Mexican suppliers; and, b) studies designed with a type of comparability that was literal resulted in all sorts of costly marketing, advertising, and brand difficulties. At the time, my thinking was that there was some sort of universal way of conceptualizing marketing and advertising strategies and that the differences between Mexican and U.S. management, and Mexican suppliers and myself, would be insignificant. After several years of trying to implement research across languages -- i.e., U.S. corporate management English to Mexican research Spanish; Mexican research English to U.S. corporate management English; U.S. corporate management English to U.S. (Mexican subsidiary) English; and, U.S. research English to Mexican research Spanish -- another problem area of transcultural research became apparent to me in a very practical manner:

3) When one moves across languages -- i.e., from something as seemingly simple as English-in-the-U.S. vs. English-in-Mexico, and much more from English to Spanish -- the potential for nonsystematic sources of bias and error rises enormously;

4) These sources of bias and error overwhelmingly are semantic or conceptual (cultural assumptions ["everyone in the world 'does their own thing'"], and in idiosyncrasies between the two

groups in terms of their myths, taboos, fears/urges, etc. If allowed to intrude into the research in an unconscious manner, the result usually was a loss of effectiveness to tactical decisions. If they were at least consciously ocntrolled for at all research phases, the result was noticeably more stable data trends and markedly more tactical effectiveness.

5) Although bias is not technically measurable in a numerical sense, it is possible to conclude that some research procedures result in more bias than others based on predictive validity (r_{xy}) correlations comparing specific, vs. no-control of semantic, conceptual, or idiosyncratic factors occurring across the research languages.

Put differently, when one consciously and technically controls for language and culture, and conceptual and behavioral details in across-segment/across-language research, sales, ad recall, product trial, etc. actually do take place close to what research had suggested. When one allows these variables to vary in an uncontrolled manner, sales, ad recall, product trial, etc. may partially take place or not at all, or research results wind up being incomprehensible, unstable, or totally useless.

Put briefly, what are some of the sources of nonsystematic measure unreliability and bias in Hispanic research?

6) Educational factors: Cuban Hispanics are markedly more knowledgeable and aware generally than their Mexican counterparts. Southern Mexican origin Hispanics tend to be more knowledgeable and aware than their Northern counterparts who came to the U.S. at the turn of the century and live mainly in Texas.

7) Rural/urban factors: overall, rural Puerto Ricans, Mexicans, or Central Americans have noticeably less knowledge and awareness, and different conceptual structures, than their urban counterparts.

8) Traditional housewives from Mexico, Central and South America tend to have markedly different motives for product use than their more modern counterparts.

9) English to Spanish factors: overall, U.S. general population concepts are markedly different -- particularly in heavily weighted areas such as family practices, product use, and female/male motives for use -- from Spanish language concepts (a classic example, with widespread ramifications is "doing one's own thing" in English as opposed to Spanish).

The implications of these biasing factors in terms of a number of research procedures and how they are affected are, then, apparent:

10) Recruitment/sampling: obtaining the representative domains requires tight controls throughout;

11) Qaire development: language, vocabulary, semantics, and conceptual levels have to be controlled tightly throughout all phases of the research, right down to coding and analysis.

12) Focus group moderating: discussions have to be controlled tightly in terms of dialect levels, social class levels (too-educated vs. too-downscale), semantics, and conceptual use patterns.

Technical Requirements

Given the difficulty of discriminating sources of bias and nonsystematic error, a number of skill areas or resources help in controlling for these unwanted sources of variation:

13) Technical control of language, cultural practices, and methodology that has demonstrated itself effective with each of the Hispanic subgroups.

14) Insure problem definition has specific Hispanic grounded behavior goals.

15) Identify and partial out marketer or researcher bias, and control throughout the research process.

16) Define Hispanic in terms of the segment against which marketing tactics and communication are to be directed for greatest profitability.

17) Identify the target consumer in terms of SES variables, and control tightly for heavily weighted linguistic, lifestyle, and conceptual idiosyncrasies.

18) Design research with sampling and instruments that allow valid implementation of objectives with bias systematically reduced to a minimum.

19) Analyze the research findings first in terms of heavily weighted linguistic, lifestyle and conceptual items, then interface them with the Problem Definition statement.

In sum, the single point that should be stressed here is that general population (within-group) methods and procecures show distinctive limitations in implementing the bias/error elimination requirements that have been pointed out very briefly in this paper. The phenomenon of across-group research (either an across-segment or across-language design) seems to require methods unique to the phenomena.

PUERTO RICAN CONSUMERS' KNOWLEDGE OF REGULATIONS THAT PROTECT THEM

Marta B. Calás[1]
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An exploratory study was undertaken to investigate the knowledge that the Puerto Rican consumer in Puerto Rico may have regarding consumers legislation enacted for their protection, for Puerto Ricans as minorities elsewhere are considered as exploited or more so than other minorities which usually belong to lower-income groups. Results indicated that most consumers in the sample had a fairly good knowledge of regulations related to deceptive retail practices, deceptive advertising, and product information and warranties. At the same time, they had poor knowledge of regulations regarding credit and door-to-door selling. Moreover, consumers in the low socioeconomic sector of the sample appear to have better knowledge of the regulations than consumers in higher socioeconomic groups. This result was considered an indicator about lower-income groups in Puerto Rico having better access to consumer information than it is often believed.

CUANTO CONOCEN LOS CONSUMIDORES PUERTO RIQUENOS ACERCA DE LAS REGULACIONES QUE LOS PROTEJEN

Marta B. Calás
Universidad de Puerto Rico en Mayaguez

Se realizó un estudio exploratorio para investigar el conocimiento del consumidor puertorriqueño en Puerto Rico acerca de legislaciones que han sido establecidas con el propósito de protegerlos como consumidores, dado que los puertorriqueños, como grupos minoritarios en otros lugares, se consideran tan explotados o más aun que otras minorías que usualmente pertenecen a grupos de bajos ingresos. Los resultados indican que la mayoría de los consumidores en la muestra tenían bastante buen conocimiento de las regulaciones en relación con prácticas engañosas de ventas al detal, anuncios enganosos, e informacion sobre los productos y sus garantías. Al mismo tiempo, tenían poco conocimiento de las regulaciones relacionadas con credito y con

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ventas de casa en casa. Más aun, los consumidores del sector socioeconómico de la muestra de más bajos ingresos, aparentan tener mejor conocimiento de las regulaciones que los consumidores en grupos económicos más altos. Este resultado fue considerado un indicador de que, los grupos de bajos ingresos en Puerto Rico, tienen un mejor acceso a información necesaria para el consumidor que lo que usualmente se cree.

INTRODUCTION

The legal aspects of marketing have been of special concern to academicians, business persons, consumer groups, and the general public for over two decades. Several areas have been studied but few have been given more widespread attention than the areas of consumer protection, where opinions tend to focus in one of two issues:

1. Whether consumers should be given more information, or
2. whether consumers should be provided with more regulations.

There has never been a clear enough answer to solve the controversy one way or another. It seems that both are important elements of a single situation; that is, protection without information is no protection, while information without protection is a waste of efforts.

Nonetheless, this perspective brings about additional issues that should be addressed. For example, how much regulation is enough regulation? Who receives quality information? Who needs protection the most? To those questions Brown (1972) answers that consumers most in need of protection are the underprivileged because they are poorly educated and, therefore, are least capable of using current information. Also, they are the group least able to bear the cost of sub-optimal purchase decisions, and they comprise the group for whom the current offerings are most likely to be inferior.

Hence, consumers protection literature is full of studies which emphasize the undesirable condition of minorities and the poor in their role as consumers. Leinwand (1970) and Caplovitz (1963) wrote treatises on the subject, while others put it in the limelight through articles in scholarly journals and other publications. For example, Karpel (1969) reported that ghetto residents in New York constantly face fraud on installment plans against which they are almost helpless, given their ignorance of their rights as consumers. Sturdivant (1968) reported similar problems for ghetto residents in Los Angeles, where Mexican-Americans were even more exploited than Negroes.

Other studies have indicated that poor consumers pay more not only because of ignorance of their rights but also because they are unable to locate alternatives in their shopping efforts. Such is the case when they cannot do comparison shopping due to their lack of adequate mobility as much as it is the case when they have to rely on a "sympathetic" neighborhood grocer who extends credit on lean days (Cameron 1968; Epstein, 1967; Johnson, 1966).

On the other hand, very few studies have tried to determine if consumers in general are ignorant of their rights, regardless of their socioeconomic status. The emphasis given to the exploited poor in most studies is understandable from the perspective of the additional burden that the lack of knowledge places upon the less fortunate members of our society, but this has not helped to clarify whether or not all other consumers are likely to be abused at the marketplace.

Nonetheless, one study (Cunningham,and Cunningham 1976) concluded that consumers in general had insufficient knowledge of the law for their own protection, regardless of their income groups, and including individuals that belong to the legal profession. The study, which was carried out in a large city of the state of Texas, elicit questions regarding the availability of consumer information for consumers in general, and the difficulties in understanding consumer regulations.

Puerto Ricans in Puerto Rico have seldom been subjects in reseach studies dealing with consumer habits, or consumers knowledge of their rights, while at the same time Puerto Ricans as minorities elsewhere are described as exploited or more so than other lower-income groups (Lewis, 1965). Therefore, it was believed that an exploratory research should be undertaken to determine if Puerto Ricans in Puerto Rico have an adequate knowledge of their rights as consumers.

The study would survey different socieconomic groups to see if results could dispel the myth that only the lower-income consumer is the subject of abuses at the marketplace because they lack the needed knowledge about protective regulations. Further, the study was designed following the Cunninghams' study, for it provided a design easily adaptable to the objective of this study,as well as providing a comparative perspective for the results.

METHODOLOGY

A nonprobabilistic quota sample was drawn from four residential sectors in a large city of Western Puerto Rico. It is believed that these sectors represent four different socioeconomic groups as follows: Sector 1 is an upper to upper-middle class area where all dwellings are single-family units owned by the resident. Sector 2 is a middle class urbanization, where most units are single-family and owned by the resident. Sector 3 is a lower-middle class area of multi-family buildings. The apartments are owned by the residents but acquired through a government-funded program for low-middle income families. Sector 4 is a public housing complex of multi-family buildings, representative of lower-class groups.

The survey was conducted during the daytime, in July 1981. Interviewers went door-to-door to complete the questionnaires which had to be answered by only one member of each household which had to be 18 years old or older. A total of 200 interviews were performed, distributed as a proportion of the total number of households for each sector.

The questionnaire had two main parts. In the first part, the respondent provided information on four demographic items: age, sex, income, and education. In the second part, the respondent answered "true", "false", or "don't know" to 13 questions which were related to consumer protection. Ten of them pertained five areas of consumer legislation while the other three pertained consumers' feelings and attitudes toward consumer protection agencies. Table 1 shows the ten questions on consumer legislation and their correct answers.

Chi-square tests were performed to determine if there were significant differences in the distribution of the demographic items among the four residential sectors. By design, it was expected that differences in distributions of income and education by sectors should be significant, while sex and age might not differ among them. After performing these test and finding the expected relationships, it was also found that the differences in distributions by age groups by residential sectors were slightly significant, therefore a multiple correlation test on the four demographic items on all sectors was performed, but high correlations (over .50) were only found between income and education.

Furthermore, responses to the 13 questions on the second part of the questionnaire were classified by residential sectors and also by the four demographic items. F-tests and t-tests were performed on these results to determine if there were significant differences in the answers provided by the different groups.

Table 2 shows a summary of the demographic characteristics of the sample by sector, and the rank-order of their knowledge about consumer legislation, which is detailed in the results.

TABLE 1

Study's Questions and Their Correct Answers
Classified by Category

Deceptive Retail Practices:	
It is legal to refuse to sell reasonable quantities of an article, even though the store has them available.	False
It is legal for a store to tell you that in order to buy an article you have to buy another that you don't want.	False
Deceptive Advertising:	
When advertising an article for sale, it is legal not to indicate that the product is second hand or is a floor sample, or is damaged, if that is the case.	False
It is not legal to advertise an article on sale and then only stock enough for the first few customers who enter the store.	True
Credit and Credit Cards:	
It is not legal for a person or firm to send credit cards to persons who have not applied for them in writing, except when the card is being renewed.	True
If you have been denied credit you don't have any legal right on requiring to be told the name and address of the consumer reporting agency responsible for preparing the report that was used to deny the credit.	False
Door-to-Door Selling:	
When you purchase an article from a door-to-door salesman and on the following day you change your mind and want to return it, the salesman may legally refuse to refund 100% of your purchase.	False
It is legal for a salesman of encyclopedidas to give you a special discount on your purchase if you refer him to three of your friends for a sales presentation.	False
Product Information and Warranties:	
It is legal for a manufacturer to make clothing out of textile products without a label which indicates what the product was made of.	False
In Puerto Rico, it is legal the sale of electric appliances which include a warranty that does not apply or cover Puerto Rico.	False

TABLE 2

Summary of Sample's Characteristics*

Sector 1, N=38
- a)Ranked second in total correct answers
- b)76% belong to income groups of $15,000 and above
- c)79% are at least 26 years old or older
- d)61% have earned at least a bachelor's degree
- e)63% are female

Sector 2, N=49
- a)Ranked fourth in total correct answers
- b)69% belong to income groups of $10,000 and above
- c)82% are at least 26 years old or older
- d)53% have earned at least a bachelor's degree
- e)69% are female

Sector 3, N=55
- a)Ranked third in total correct answers
- b)99% belong to income groups of $14,999 or less
- c)84% are less than 46 years old
- d)82% have not attained a bachelor's degree
- e)66% are female

Sector 4, N=58
- a)Ranked first in total correct answers
- b)98% belong to income groups of $9,999 or less
- c)78% are less than 46 years old
- d)98% have not attained a bachelor's degree
- e)55% are female

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*chi-square tests indicate significant differences in the income, age and education distributions of the residential sectors.

RESULTS

The lower-class residential sector consistently showed better knowledge of consumer regulations than any other group. They were followed by sector 1 which is the upper and upper-middle class neighborhood, and that ranked second on knowledge of most items in the questionnaire. Table 3 shows these results.

Total sample was thereafter classified by the different demographic items. Here, the sample when classified by income groups showed that there was only a slight difference between the answers of lower-income groups and those of the higher-income groups, which was not significantly different. The exception were the top-income group and a middle-income group which scored significantly lower than the others. Table 4 shows these results.

Consumers 26 years old or older tend to score better than their younger counterparts as it was found when the sample was classified by age. It can be noticed in Table 5 that 40% of the sample in sector 4, which is the low-class sector, was between 18 and 25 years old. Therefore this sector was considerable younger than other sectors, a fact that prompted additional inspection of the data given previous results on sector 4 regarding their better knowledge of the regulations. It was found that younger members of this sector did not score better than the older members of the same sector, but they scored better than most groups in other sectors regardless of age.

TABLE 3

Distribution and Rank of Correct Answers by Residential Sectors

Questionnaire Items on Consumer Regulations	Sector 1 N=38	rank	Sector 2 N=49	rank	Sector 3 N=55	rank	Sector N=58	rank
Deceptive Retail Practices	89%	2	82%	3	81%	4	93%	1
Deceptive Advertising	74%	2	70%	3	63%	4	85%	1
Credit and Credit Cards	60%	3	53%	4	62%	2	64%	1
Door-to Door Selling	38%	2	31%	4	32%	3	43%	1
Product Information and Warranties	78%	2	71%	4	70%	3	86%	1
Mean (maximum possible score = 10)	6.79		5.99		6.15		7.43	

F-value = 7.02; sig. level .01

t-test showed significant differences in the responses of sector 1 and 2, significant at the .05 level; between sector 3 and sector 4, significant at the .01 level; and between sector 2 and sector 4, significant at the .01 level.

When the sample was classified by education groups, it was found that there was almost no difference between the answers of the different groups. Nonetheless, it is interesting to notice that even though differences were not significant, the scores were slightly higher in the less educated group. See Table 6 for these results.

TABLE 4

Means of Correct Answers and Distribution by Income Groups in Residential Sector

Income Group	Less $5,000	$5,000- $9,999	$10,000- $14,999	$15,000- $19,999	$20,000- $24,999	$25,000+
Mean*(maximum possible score was 10) ** F value=2.39	6.64	6.98	5.89	6.82	7.25	5.89
Distribution by Residential Sector						
1	-	16%	8%	21%	26%	29%
2	6%	25%	29%	14%	12%	14%
3	33%	33%	31%	3%	-	-
4	65%	33%	2%	-	-	-
N	(59)	(55)	(35)	(17)	(16)	(18)
% of total sample (N=200)	29.5$	27.5%	17.5%	8.5%	8%	9%

* t-tests indicate that there are no significant differences between the following mean scores: 7.25, 6.64, 6.98 and 6.82.

** F-test significant at .05 level.

There were no significant differences in the answers of female vs. males, even though females scored higher than males by a small margin. See Table 7 for these results.

Regarding attitudes toward consumer protection agencies, low and middle-low class consumers were less confident about the power of the local Department of Consumer Affairs to intervene in consumers problems, but, on the other hand, all sectors showed great willingness to resort to this agency if help was needed. The Better Business Bureau question showed a dichotomy in that most people either answered right about its nature or indicated no knowledge about its role. This question had one of the highest "don't know" scores for most sectors, and the highest for the total sample. (See Table 8). In general, the lower class sector seldom answered "don't know" and seemed more confident of knowing the correct answer (less hesitation and almost no requests for repeating the questions) to the regulations questions than the other sectors, as can be seen from Table 9.

TABLE 5

Means of Correct Answers and Distribution by Age Groups in Residential Sector

Age Group	18 - 25	26 - 45	46 and over
Mean* (maximum possible score was 10) F value = 3.59**	6.08	6.96	6.49
Distribution by Residential Sector			
1	21%	21%	58%
2	18%	51%	31%
3	18%	66%	16%
4	40%	38%	22%
N	(50)	(91)	(59)
% of total sample (N=200)	25%	38%	22%

* t-tests indicate that there are no significant differences between mean scores 6.96 and 6.49.

** F-test significant at .05 level.

Results of this study compared to the Cunninghams' results indicate that in general, the Puerto Rican consumers had better knowledge than the Texan consumers on legislation that protect them. Nonetheless, answers to questions related to door-to- door selling were wrong almost as often as these same questions in the Cunninghams' studies. In both studies these questions had lower scores than any other question in the survey. The implications of this result will be further analyzed in the discussion.

DISCUSSION

This study appears to indicate that the poor are not as unprotected as is usaully believed. The myth that good consumer information is only a privilege granted to those of high economic means and those who are better educated, for they can understand better the meanings and intentions of the regulations, does not appear to hold true in this case.

TABLE 6

Means of Correct Answers and Distribution by
Education Groups in Residential Sector

Education Group	Less Bachelor	Bachelor	More Bachelor
Mean* (maximum possible score was 10) F value = 0.13**	6.64	6.50	6.50
Distribution by Residential Sector			
1	39%	45%	16%
2	47%	31%	22%
3	825	13%	5%
4	98%	2%	-
N	(140)	(40)	(20)
% of total sample (N=200)	70%	20%	10%

* t-tests indicate that there are no significant differences between mean socres

** F-test not significant

TABLE 7

Means of Correct Answers and Distribution by
Sec Groups in Residential Sector

Sex Group	Female	Male
Mean* (maximum possible score was 10) F value = 2.44*	6.76	6.32
Distribution by Residential Sector		
1	63%	37%
2	69%	31%
3	66%	34%
4	55%	45%
N	(126)	(74)
% of total sample (N=200)	63%	37%

* t-tests indicate that there are no significant differences between mean socres

** F-test not significant

TABLE 8

Attitudes toward Consumers Protection Agencies by Residential Sector

Attitude	SECTOR: 1	2	3	4
Believe that Puerto Rico's Department of Consumer Affairs will give fair hearings to consumer's grievances and has power to solve them.	60%	80%	54%	50%
Believe that the Better Business Bureau is also a consumer protection organization.	63%	59%	54%	69%
Do not know what is the role of the Better Business Bureau.	32%	31%	36%	22%
Believe that if their rights as consumers were infringed they will go to the Department of Consumer Affairs to ask for help	87%	96%	93%	97%

TABLE 9

Distribution of "Don't Know" Answers by Residential Sector

Questionnaire Items on Consumer Regulations	SECTOR: 1	2	3	4
Deceptive Retail Practices	1%	12%	9%	3%
Deceptive Advertising	12%	13%	12%	3%
Credit and Credit Cards	16%	23%	14%	7%
Door-to-Door Selling	12%	39%	20%	6%
Product Information and Warranties	11%	17%	12%	6%

Still, these results should be interpreted with caution. In all cases, the knowledge of the regulations about credit, and about door-to-door selling was fairly low for every sector, including the low-income group, which even if scoring better than other groups had quite low scores for these two items. On the other hand, it is this low-income group the one who probably does more shopping from door-to-door salespersons, as well as the one more willing to accept any credit term on account of their usual lack of ample cash funds. Therefore, they could continue to be exploited, given the opportunity for such actions. Moreover, regulations will be worthless to all concerned, even if consumers have good knowledge of them, if they are unable to choose among alternatives in the marketplace.

Observing the results from another point of view, some explanations should be advanced regarding the fact that Puerto Rican consumers in Puerto Rico seem to be fairly knowledgeable on consumer regulations. It seems that as a function of time, consumers are better educated in the 80's than they were during the 60's and up to the mid-70's. That was the period of time when "Consumerism" was a strong movement, and when most studies about consumer protection were published. Therefore, the concern for consumer education, which started during that period, may be paying off now.

Furthermore, these results cannot be extrapolated to consumers outside of Puerto Rico. A high proportion of the low-income consumers in the Island live in public-housing sectors which often provide communal activities. These activities tend to be well attended by the neighbors who will participate in any gathering that promises to break the tenement's routine. Often, these meetings offer direct or indirect consumer information.

CONCLUSIONS AND RECOMMENDATIONS

The fact that Puerto Rican consumers in Puerto Rico, especially those who belong to low-income groups seem to be fairly well aware of consumer regulations is an interesting result that generates more questions than answers.

One natural development for another research is to determine if these "well-informed" consumers are still facing the abuses that other authors usually regard as resulting from the lack of information on regulations on the part of the poor. At the present time, this researcher is involved in another project within the same sectors, attempting to identify a selected market basket of staple items for each of them and the type of outlet from where these items are usually acquired. Other studies should be undertaken along these lines but on items such as durables and clothing, as well as certain important services like health services and other related needs.

Nonetheless, it should not be overlooked that this study was one of exploratory nature which probed into the issue on a very limited basis. The questionnaire had only ten questions regarding regulations, leaving out many other questions which were not asked, and which if answered may have provided a different pattern on the results.

Moreover, the sample design and size do not grant safety to further generalizations about other consumers in Puerto Rico. Other studies should determine if the patterns that were displayed by the groups in this study would be the same for consumers in other areas of Puerto Rico, and for Puerto Ricans in major population areas of Continental United States. If such is the case, knowledge developed from need (Tootelian, 1975) might be occurring in the disadvantaged groups.

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RETAIL FOOD PRICE DIFFERENTIALS: A COMPARISON BETWEEN 1979 AND 1980 IN PUERTO RICO

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This study compares how the prices of food products have increased in relation to the increase in the Consumers Price Index in Puerto Rico. By comparing the prices of a large market basket of the same goods sold by supermarket chains in different cities in P.R. in 1979 with those in 1980, the increased is established. The survey showed that the prices of the market basket increased by 7.3% from the prices in 1979 compared to the increase of 11.2% in the Consumers Price Index.

INTRODUCTION

The issue of food prices is an important one for Puerto Rico, for during the past years over one quarter of personal consumption expenditures by Puerto Rican consumers were allocated toward food. Not all of these food expenditures were made in the large supermarket chains even though the big supermarket chains represent the basic unit in which a large proportion of consumers make their purchases of food, and it is in these stores that the consumer is perhaps most aware of the changing scale of prices.

Inflation is today perceived as one of the most pressing problems affecting the Puerto Rican family and this phenomenon is most evident on the shelves of the supermarkets. The facts support the perception, for during the fiscal year of 1980 the Consumers Price Index for Wage Earners Families rose from 194.6 in 1979 to 216.3 in 1980, an increase of 11.2%. This increase was an extraordinarily high rate when compared to a rate of 3% to 4% recorded during previous periods. A rate of increase of 11.2% could duplicate the price of goods and services in about six and a half years. The annual Per Capita Net Income increased 10.6% during the same period. It has been said that little can be done about inflation because of the high import coefficient of the Island, which depends on external sources for nearly all of its necessities, ranging from food to energy. Since 1967 the food index, in particular, has risen faster than most of the other components in the overall Puerto Rican cost of living index. And, within the food index, the prices of imported foods have increased at a faster rate than the prices of locally produced foods.

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It is the purpose of this study to compare how the prices of food products have increased in relation to the increase in the Consumers Price Index. By comparing the prices of a large market basket of the same goods sold by supermarket chains in different cities in Puerto Rico in 1979 with those in 1980, the increase is established. In 1974, the firm of Clapp and Mayne, under contract to Puerto Rico's Department of Consumers Affairs (DACO), did a study comparing retail selling prices in U.S. and in P.R. (Clapp & Mayne, 1974) Vêlez, Mann and Ruiz (1979) did a similar study including in addition supermarket cost-price margins. The present study uses the same market basket that Vêlez et. al. used and permits comparions to be established between them.

SURVEY DESIGN

The first step in the design of the survey was to decide upon the items to be included in the market basket. The key factor in carrying out the selection of these items necessarily had to be strict comparability; i.e., to assure that exactly the same item was priced in 1979 and 1980. Moreover, it was desired to include a wide variety of goods that might be included in the "typical" consumer's purchases in the supermarket. Specific brands and sizes were selected in those appropiate cases, or in the case of meats and produce, the item was defined in terms of units (e.g., one pound).

With the list of 63, see Table 1, items the researcher spent one week gathering the prices off supermarket shelves in 30 supermarkets in Puerto Rico. In each city a conscious effort was made to visit a random sample of supermarkets in high, middle, and low-income class neighborhoods in an attempt to remove any biases that might result from concentrating on a limited number of areas.

It will be noted that the prices of the items included in our market basket are collected only from large supermarket chains. This purposeful, for it is felt that it is precisely these stores which offer (or are in a position to offer) the lowest prices to consumers. Thus, our comparisons are made between prices found in the stores of large chains, and no comparisons are made between stores of widely varying sizes (e.g., between chain stores and a "colmado").

Concentration was on prices of items stocked in the three large chains of Supermarkets Pueblo, Uni-Coop, and Grand Union. A total of 30 stores were visited in 11 different towns and cities, from Humacao to Mayaguez and from Arecibo to Ponce, see Figure 1. The researcher understands that the market basket of goods used in this survey to generate the ensuing results is representative of the Puerto Rican consumer unit. The items were chosen

TABLE 1 FOOD PRICES COMPARISONS IN SUPERMARKETS BETWEEN 1979 and 1980

	(1)	(2)	(3)	(4)
PRODUCT	AVERAGE PRICE 1980	AVERAGE PRICE 1979	DIFFERENCES	
			ABSOLUTE (1) - (2)	PERCENTAGE (3) / (2)
1. Boneless Beef Stew, USDA Choice, 1 lb.	2.44	2.17	.27	12.4
2. Ground Beef, USDA Choice (Regular), 1 lb.	1.99	1.71	.28	16.4
3. Chicken, Whole Fryers, Grade A - Fresh, 1 lb.	.87	.85	.02	2.4
4. Cube Steak, USDA Inspected, 1 lb.	2.91	2.29	.62	27.1
5. Oscar Mayer Fully Cooked Weiners, 1 lb.	2.20	2.09	.11	5.3
6. Oscar Mayer Bologna 12 oz.	1.79	1.84	-.05	- 2.7
7. Oscar Mayer Pickle & Pimiento Loaf, 8 oz.	1.40	1.39	.01	.72
8. Oscar Mayer Sliced Bacon, 1 lb.	2.48	2.69	-.21	- 7.8
9. Libby's Corned Beef 12 oz.	1.76	1.35	.41	30.4
10. Star Kist Tuna, Light Meat Chunk Style 6 1/2 oz.	.75	.76	-.01	- 1.3
11. Chicken of the Sea Lightmeat, Chunk Style 6 1/2 oz.	.93	.79	.14	17.7
12. (Libby's, Armour, Hormel) Vienna Sausage (Canned), 5 oz.	.55	.55	.00	00.0

PRODUCT	(1) AVERAGE PRICE 1980	(2) AVERAGE PRICE 1979	(3) DIFFERENCES	(4)
			ABSOLUTE (1) - (2)	PERCENTAGE (3) / (2)
13. Iceberg Lettuce Head	.92	.82	.10	12.2
14. Onions, Medium Size, Yellow, 1 lb.	.45	.44	.01	2.3
15. Potatoes, Maine, White Round, 5 lbs.	.94	.95	-.01	- 1.1
16. Cabbage - White, 1 lb.	.31	.36	-.05	-13.9
17. Tomatoes, 1 lb.	.73	1.01	-.28	-27.7
18. Bananas - 1 lb.	.44	.24	.20	83.3
19. Kidney Beans - Dry	.64	.38	.26	68.4
20. Kraft Processed Sliced American Cheese, 8 oz.	1.24	1.16	.08	6.9
21. Parkay Margarine Sticks, 1 lb.	.84	.75	.09	12.0
22. Land o'Lake Butter Sticks, 1 lb.	1.84	1.62	.22	13.6
23. Eggs, Grade A, Large 1 dozen	1.25	1.29	-.04	- 3.1
24. Milk, Carton, 1 quart	.56	.54	.02	3.7
25. Vainilla Ice Cream, Sealtest, 1/2 gallon	3.20	2.75	.45	16.4
26. Lard, any brand, 1 lb.	.40	.47	-.07	-14.9
27. Hormel Ham, Fully cooked, sectioned & boned (Canned) 3 lbs.	8.40	8.47	-.07	- 0.83
28. Campbell's Vegetable Soup (Canned) with Beef Stock Alphabet 10 1/2 oz.	.33	.28	.05	17.9
29. Carnation Evaporated Milk, 13 Oz.	.50	.45	.05	11.1

	(1)	(2)	(3)	(4)
PRODUCT	AVERAGE PRICE 1980	AVERAGE PRICE 1979	DIFFERENCES	
			ABSOLUTE (1) - (2)	PERCENTAGE (3) / (4)
30. Libby's or Del Monte Fruit Cocktail 8 3/4oz	.49	.44	.05	11.4
31. Libby's Fruit Cocktail, 30 oz.	1.12	1.01	.11	10.9
32. Hunt or Del Monte Tomato Sauce (Canned) 8 oz.	.20	.19	.01	5.3
33. Del Monte French-Styled Green Beans 16 oz.	.64	.59	.05	8.5
34. Del Monte Pear Halves	1.14	1.09	.05	4.6
35. Del Monte or Libby's Whole Kernel Corn 8 3/4 oz.	.39	.35	.04	11.4
36. Del Monte or Libby's Mixed Vegetables 8 1/4 oz.	.41	.37	.04	10.8
37. Del Monte Sweet Peas 8 1/2 oz.	.40	.37	.03	8.1
38. Heinz Catsup 14 oz.	.69	.65	.04	6.2
39. Heinz Vinegar, white distilled, 16 oz.	.46	.38	.08	21.1
40. Kraft Mayonnaise 32 oz.	2.26	2.07	.19	9.2
41. Pillsbury's Best Enriched Flour 2 lbs.	.64	.58	.06	10.3
42. Wesson Vegetable Oil 1 gal Plastic Cont.	5.88	5.81	.07	1.2
43. Sugar (any brand), granulated, 2 lbs.	.93	.71	.22	31.0
44. Muller or Ronsoni #8 Spaghetti (1 lb. box)	.80	.63	.17	27.0

	(1)	(2)	(3)	(4)
PRODUCT	AVERAGE PRICE 1980	AVERAGE PRICE 1979	DIFFERENCES	
			ABSOLUTE (1) - (2)	PERCENTAGE (3) / (4)
45. Chef Boy-Ar-Dee Beef Ravioli in Sauce (Canned), 15 oz.	.81	.77	.04	5.2
46. Minute Maid Frozen Orange Juice Concentrate 6 oz.	.66	.63	.03	4.8
47. Colgate Toothpaste 5oz	1.30	1.12	.18	16.1
48. Dial Soap, bath size	.44	.37	.07	18.9
49. Enfamil Infant Formula Regular (Canned, 13 oz)	.86	.78	.08	10.3
50. Kellogg's Corn Flakes 8 oz.	.74	.63	.11	17.5
51. Peter Pan or Skippy Creamy Peanut Butter (Jar) Regular, 12 oz	1.13	1.01	.12	11.9
52. Cheez Whiz, 16 oz jar	2.23	2.12	.11	5.2
53. Tang orange drink (jar) 27 oz.	2.26	2.06	.20	9.7
54. Ritz Crackers (3 stack packs) 12 oz.	1.12	1.09	.03	2.8
55. Maxim Instant Coffee 4 oz.	3.42	3.30	.12	3.6
56. Maxwell House Instant Coffee, 4 oz.	1.51	1.47	.04	2.7
57. Nestle's Quik Chocolate, 16 oz.	1.38	1.39	-.01	- 0.72
58. Pampers, overnight size, 1 doz. blue color	1.89	1.66	.23	13.9
59. Sara Lee Pound Cake (frozen) All butter 10 3/4 oz.	1.50	1.33	.17	12.8

	(1)	(2)	(3)	(4)
PRODUCT	AVERAGE PRICE 1980	AVERAGE PRICE 1979	DIFFERENCES	
			ABSOLUTE (1) - (2)	PERCENTAGE (3) / (4)
60. Uncle Ben's Long Grain Rice - Parboiled 1 lb.	.53	.40	.13	32.5
61. Coca Cola, 6 pack 12 oz	1.81	1.69	.12	7.1
62. Reynolds Wrap Aluminum Foil (25 sq. fet) 8 1/3 x 12"	.75	.70	.05	7.1
63. Clorox Bleach, Plastic Container, 64 oz.	.98	.87	.11	12.6

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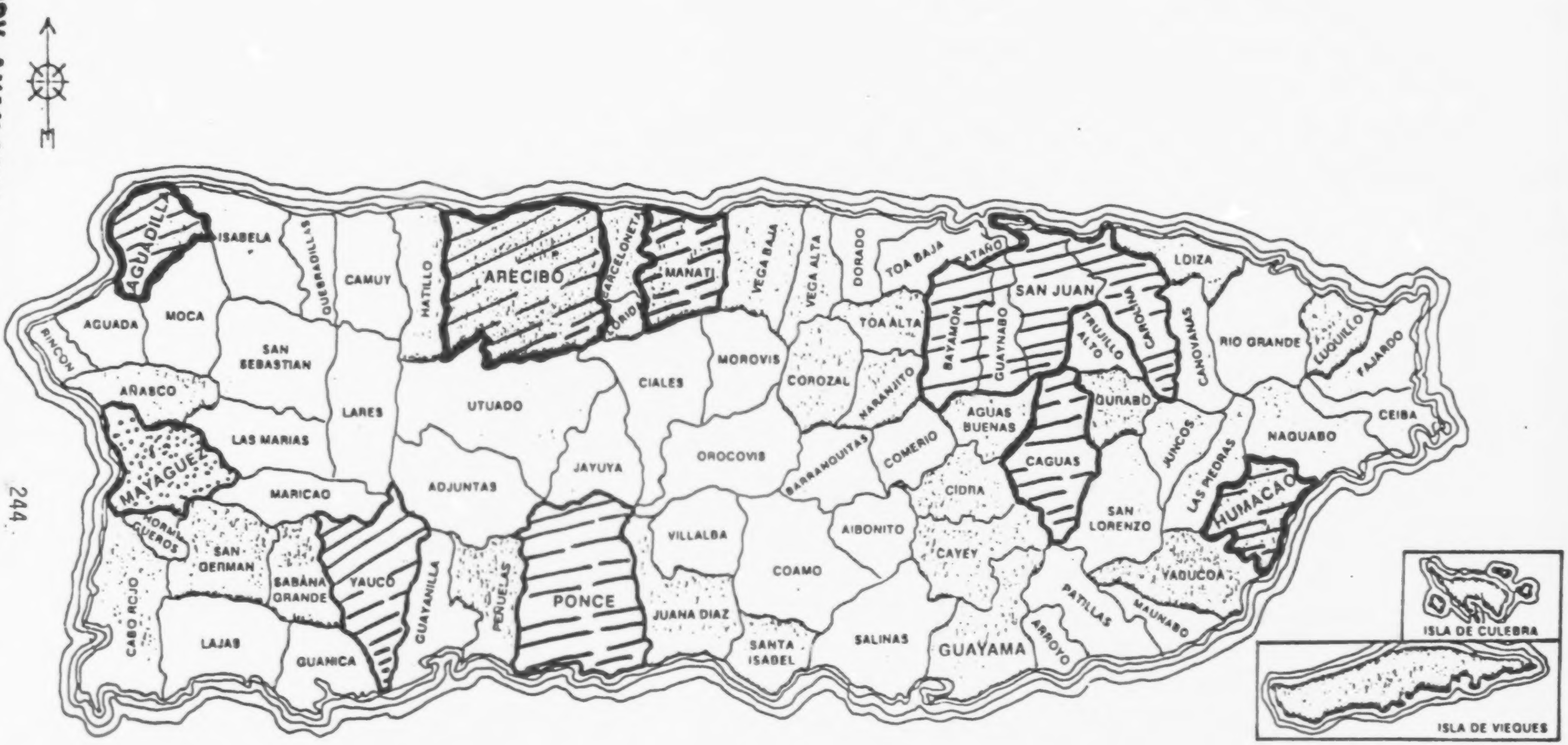
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CABO ROJO
LAJAS
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JUANA DIAZ
SANTA ISABEL
SALINAS
GUAYAMA
ARROYO
PATILLAS
MAUNABO
ISLA DE CULEBRA
ISLA DE VIEQUES

FIGURE 1 SURVEY AREA

because it was felt that they possess two characteristics: they are consumed by the middle-class family in Puerto Rico and they are sufficiently homogeneous (and in most cases equal) to offer comparability with the 1979 research.

RESULTS

The survey showed that the prices of the market basket increased by 7.3% from the prices in 1979 compared to the increase of 11.2% in the Consumers Price Index. The basket of 63 items cost $79.09 in 1979 and $84.83 in 1980. The prices of fresh meats, canned and packaged meats, vegetables, dairy products and canned goods had increased by 17%, 3.5%, 0%, 5.1% and 8.6%.

The price data presented in this study reveal that there is no such thing as a "one-price" item. Rather, the prices of foodstuffs display oft-times wide ranges of variations between cities and within cities. This variation is established by the use of a statistical measure of variation, the standard deviation. Taking the standard deviation within Puerto Rico it becomes obvious that the prices of some food items do vary greatly by supermarket chain and often within the same supermarket chain, although all stores of the same chain supposedly adhere to the same price list. In general, those items with the greatest variations in prices are found in the meats and fresh produce categories. The implications of the statistical results is that the consumer would do well to spend a certain amount of time making food price comparisons, especially between different supermarket chains. Assuming he has fairly easy access to several different chains, he can reduce his grocery bill by comparison shoping because, for so often no apparent reason, the same item is priced differently by each chain (and some times by different stores of the same chain).

In order to establish the contribution of the products to the food budget in a typical family in Puerto Rico and to gather information about the impact of the price increases in food items, 150 families were interviewed. This survey showed that:

1. Families which earn less than $5,000 spend about 47% of their income in food; those that earn between $5000 and $10,000 spend about 30%; those that earn between $10,000 and $15,000 spend about 24% and those with income over $15,000 spend about 10%.

2. The 63 items included in the previous survey are an important part of their typical food basket.

3. The increase in prices has not stopped the consumers to go to the supermarkets. However, they are eating more outside now than in 1979.

4. The greatest impact is in the meat category since it has the largest portion of the food budget.

1981 PRELIMINARY RESULTS

Prices for 1981 were collected for the same 63 items in the same supermarkets during the weekend of October 10,11 and 12. Preliminary results of 1981 show that the food basket now costs about $88.00, an increase of 4.7% over 1980. In a future paper the 1981 results will be presented in detail including an analysis by food categories and supermarkets.

CONCLUSIONS

This study compared the prices of a large supermarket basket of the same goods sold by supermarket chains indifferent cities in Puerto Rico in 1979 with those in 1980. It showed that the prices of the market basket increased by 7.3% from the prices in 1979 compared to the prices of 11.2% in the Consumers Price Index during the same period.

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PART III

HISPANICS IN MANAGEMENT

PART III: HISPANICS IN MANAGEMENT

One of the most crucial but least researched topics in relation to Hispanics is that of Hispanics in managerial roles. The rising number of Hispanics entering and graduating from colleges and universities should cause an accelerated increase in the number of Hispanics in these kinds of jobs. These jobs are important because Hispanics are most under represented in them (15.4% of Hispanics vs. 29.7% of the population as a whole) and because they are among the best paid positions. However, more importantly, Hispanics in those positions can become role models for young Hispanics; can help to break stereotypes about Hispanics among non-Hispanics; can diversify the job information networks within the Hispanic communities; and can bring increased sensitivity to Hispanic concerns within the organizations they join.

In relation to the potential importance of those jobs, the mechanisms to increase the preparation of Hispanics for those positions and the support mechanisms for those in such positions are very underdeveloped. The papers and panels on this topic highlight the subject of management education and managerial behavior issues in relation to Hispanics.

A. Recruitment of Hispanics into Managerial Positions

The panel organized by Nancy Gutiérrez analyzed the problem of recruiting Hispanics into managerial and technical positions in terms of barriers at both the supply and the demand sides. The low visibility and poor image of corporate jobs in Hispanic communities were mentioned as another important element of this problem. An interesting set of comments from personnel practitioners was collected during this panel's discussion.

The study by Louise Wolitz concentrates on the demand-side barriers to increasing Hispanics in higher level positions. As the supply of Hispanics with the appropriate degrees and experience increases these types of barriers will become more important. Several possible methods to increase and to sustain the interest of organizations in recruiting Hispanics are mentioned. The importance of affirmative action is also emphasized.

B. The Supply Side: Hispanics in Business Schools

The panels by Raúl Chavarría and Helen LaVan discussed the issue of how to attract more Hispanics into Business Schools from a student perspective. The issues mentioned include the need to change the image of business careers, the importance of role models, the importance of counseling at all levels of education and of recruitment by colleges.

The panel organized by Charles Hickman discussed possible solutions to the task of attracting more Hispanics into business schools. Based on average career paths and current statistics, Hispanics will still be underrepresented in U.S. businesses well into the 21st century. Recommendations included: improvements in pre-college career counseling, improvements in business courses in high school, publicity to Hispanic successful business role models, more summer internships for Hispanic students and more financial support.

C. Issues Affecting Hispanics in Managerial Positions

The position paper by Miguel A. Tirado on "Cross Cultural Management: The Case of the Hispanic Manager in the U.S." highlights many key issues that affect Hispanics in managerial positions. His paper points out four controversial and very important questions: Are Hispanics any less prone to assume management functions than other ethnic groups? Do Hispanics confront unique problems as managers in cross-cultural work environments? Are certain management approaches and organization settings more conducive to the success of Hispanic managers? and What do Hispanic Scholars have to contribute to our knowledge of Hispanic business behavior? The many questions and challenges he presents in this paper dramatize the vast and urgent need for research on this subject. The panel discussion also chaired by Miguel Tirado provided a forum for the discussion of his paper as well as of presentations by John Fernández on institutional restraints for upward mobility of Hispanics; by Larry Penley on differences in the successful career approaches selected by Hispanics relative to non-Hispanics; and by Mariah deForest and Marta Calás on the different reactions of Hispanics to work environments.

The paper by Sam Gould and Larry Penley investigates the differences between Mexican and Anglo Americans in attitudes and career strategies as they relate to career progress. It helps to clarify career progress strategies as well as to point out a number of differences between Mexican and Anglo Americans on this subject.

The paper by RoJean Madsen-Muñoz studies the behavior of Hispanic males and females in group decision making situations. Her study suggests that Hispanic males may tend to be more reluctant to participate in groups when they do not believe they will be allowed to make decisions for the groups. Hispanic females may lend to value conformity and submission to authority even more highly than Hispanic males but they may value more opportunities to play cooperative roles. The paper indicates that it could be specially valuable to provide Hispanic males with models of behavior which are not the extremes of domination or submission and to encourage Hispanic females to experiment with a variety of group roles. Given the importance of committees and team work in organizations further study to confirm and expand these findings is very relevant.

The panel on problems and opportunities facing the professional Hispanic woman organized by María del Carmen Cabrera attracted a high turnout. The issues affecting the Hispanic woman are compounded by sex and ethnicity. The session helped to explore these issues and to highlight the strong interest that seems to exist on this subject.

The panel on autonomous action versus affirmative action, organized by José Gutiérrez also generated a high level of interest. It was a specially important session because it served as a rallying point for follow up activities after the symposium. A number of participants in this session met after the symposium and created an organiztion (H.A.C.E., Hispanic Americans for Career Enhancement) that has organized four activities in Chicago. The activities have attracted about 100 persons each. They have served to discover that there was an unsatisfied need for Hispanic managers from different organizations (public and private) to meet, exchange ideas and network. This group continues to evolve, but has already served to strengthen the ties between many Hispanics in managerial and professional positions in Chicago. This could be a good example of the support groups Hispanics tend to form pointed out by Ray Mesa in the earlier panel discussion on "Cross Cultural Management".

PANEL

"RECRUITING OF HISPANICS INTO MANAGERIAL AND TECHNICAL POSITIONS"

Chairperson: Nancy C. Gutiérrez[1], Pacific Telephone, Los Angeles, CA

Panel Members:

- Mr. Rubén García, Pacific Telephone, and National Hispanic Council for High Technology Careers, Los Angeles, CA
- Mr. José Gonzáles, U.S. Office of Personnel Management, Chicago, IL
- Mr. Anthony Huerta, Pacific Telephone and Latino Business Students Association, Los Angeles, CA
- Mr.Ray G. Mellado, Xerox Corporation, Los Angeles, CA
- Mr. Robert J. Ruíz, Attorney at Law, Chicago, IL
- Mr. Jerry Walters, Human Resources, Harris Bank, Chicago, IL
- Dr. Louise B. Wolitz, University of Texas, San Antonio, TX

SUMMARY

There was a recognition of two broad categories of factors having an impact on the above; they are supply-side factors and demand-side factors. The former affects the source pool of candidates qualified and interested in managerial/technical careers. The latter affects access to these careers.

There was a general consensus that the socio-economic factors impeding Hispanics from pursuing higher education are also contributing factors to the limited source pool of Hispanics pursuing corporate careers. Furthermore, few Hispanic college graduates consider such careers because of the image problem that business has in the community.

This image problem is twofold: poor image or no image. The former case is attributable to the "social conscienceness" of the '60's and '70's, whereby many Hispanic students were counseled into "people professions", such as education and social welfare. The assumption was that business could not or would not extend benefits to the community. The problem of no image is related to the forgoing in that there are few Hispanic corporate role models visible in the community to stimulate youth in this direction.

On the demand-side category, much concern was expressed as to the extent of corporate commitment to recruit Hispanics into their professional ranks. Existing employment practices are perceived as inequitable in their treatment of applicants. Methods currently utilized allow for subjectivity and cultural bias. It was noted that although minorities are frequently placed in visible employment positions, they are seldom given sufficient latitude to impact employment practices.

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The main conclusion drawn is that a linkage is necessary between academia and business to better understand the issues of this round table. There exists much material on social behavior, and managerial dimensions such that an analysis blending the two from a Hispanic perspective, could yield findings that would be useful to both the Hispanic community and major employers of the nation.

In attendance were approximately 30 people, primarily from business, but also including representation from education and government.

(Prepared by Rubén García, Staff Manager, Pacific Telephone Company)

ACCESS OF HISPANICS TO MANAGERIAL, TECHNICAL AND PROFESSIONAL POSITIONS IN BUSINESS AND GOVERNMENT-LESSONS FROM THE 1970's

Louise B. Wolitz[1]
The University of Texas at San Antonio

This study addresses the problem of under representation of Hispanics in managerial, technical and professional positions and the role of the personnel system, explicitly recruitment, selection, training and promotion practices in explaining under representation. It focuses on San Antonio, Texas, and stresses the private sector, against a public sector backdrop. It concludes that the federal government pressures of the 1970's for attention to equal employment opportunity and improved representation are necessary levers for change.

INTRODUCTION

The primary objective of this study is to look explicitly at the role of labor market processes, that is, recruitment, hiring standards, selection techniques, training, and promotion processes, to help explain the well-documented, marked under-representation of Hispanics in professional, technical and managerial jobs. Equal employment opportunity and affirmative action efforts, in response to federal legislative, executive and judicial orders, will be stressed as the primary lever for change in both processes and numbers. We will explore the range and success of policy approaches to equal employment opportunity. San Antonio, Texas, second only to Los Angeles in number of employed Hispanics, is the geographical focus of the study.

The results reported here are part of a larger study which emphasizes federal, state and local government employment. We concentrate in this paper on the private sector, using our more detailed knowledge of the public sector as a point of reference and backdrop.

The Problem

Hispanics are under-represented in professional, technical, and managerial jobs. In the Southwest (Arizona, California, Colorado, New Mexico, Texas) as a whole in 1970, 18.7 per cent of Anglo males and 6.4 per cent of Spanish-surnamed males were in the professional and technical category; 14.0 per cent of Anglo males and 5.2 per cent of Spanish-surnamed males were in managerial jobs. Among females, 18.4 per cent of the Anglos and 7.6 per cent of the Spanish-surnamed were in the professional and technical category; 5.1 per cent of the Anglos and 2.4 per cent of the Spanish-surnamed were in managerial jobs. Even within the professional, technical and managerial categories, there were earnings disparities between Spanish-language, Spanish-surnamed and Anglos. In Texas, for example, the ratio of Spanish-language, Spanish-surname to Anglo male median earnings was .75 in professional and technical occupations and .70 in managerial occupations. For Texas females, both ratios were .82. Briggs, Fogel and Schmidt, in The Chicano Worker, note that these earnings differences can be divided into 1) those caused by Chicanos holding lower-paying jobs within each of the broad occupational categories, and 2) those due to lower pay received by Chicanos in the same job classification as Anglos, but in different firms, industries or areas.

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In explaining that "the low earnings of Chicanos within each broad occupation are largely associated with labor market processes which allocate members of this group to areas, industries, and establishments which pay low wages," Briggs, et al note that: "The policy implication of this is that providing Chicanos with the requisite schooling and skills for entry to a major occupation grouping is not enough. Individual establishments, including those paying high wages, must become willing to make hiring and promotion decisions which do not discriminate against Chicanos."

More recent data, from the Equal Employment Opportunity Report, 1975, underscore the point, for the United States as a whole, and for individual Standard Metropolitan Statistical Areas.

Of the 29,944,509 employees covered by reporting firms across the United States, 10.6 per cent were officials and managers, 8.1 per cent were professionals and 4.8 per cent were technicians. Of the 1,301,441 Hispanic employees reported, 3.9 per cent were officials and managers, 2.9 per cent were professionals and 3.1 per cent were technicians.

This data tells the same story for every SMSA (Standard Metropolitan Statistical Area). The table below presents the occupational distribution of all employees covered by the Equal Employment Opportunity Commission survey for the United States as a whole, and for eleven SMSA's selected to represent areas of high Hispanic concentration: Chicago (6.6%), Dallas-Fort Worth (6.7%), Denver (8.7%), Houston (9.9%), Los Angeles-Long Beach (16.8%), Miami (22.1%), New York-New Jersey (9.0%), Phoenix (10.3%), San Diego (10.9%), San Francisco-Oakland (9.4%), and San Antonio (39.4%).

It is at the level of the individual employer, where hiring decisions are made, that these patterns are forged. It is the aim of this study to cast some light on the linkages between decision-making mechanisms at the firm level and over-all under-representation.

TABLE 1

OCCUPATIONAL DISTRIBUTION OF ALL EMPLOYEES AND HISPANIC EMPLOYEES FOR ALL UNITED STATES AND 11 SELECTED SMSA'S, 1975: OFFICIALS AND MANAGERS, PROFESSIONALS, TECHNICIANS

	Officials and Managers		Professionals		Technicians	
Place	All	Hispanics	All	Hispanics	All	Hispanics
U. S.	10.6	3.9	8.1	2.9	4.8	3.1
Chicago	11.4	2.3	8.5	1.8	4.7	2.0
Dallas	11.5	3.5	9.2	2.3	6.0	2.9
Denver	10.9	3.2	12.0	2.6	6.4	3.9
Houston	11.5	3.4	10.3	3.1	7.0	4.8
L.A.-L.B.	11.4	3.7	11.1	2.7	5.2	3.0
Miami	10.9	5.5	7.4	3.9	4.0	3.9
N.Y.-N.J.	13.7	4.1	12.6	3.9	4.8	3.4
Phoenix	11.6	3.5	10.3	2.3	6.0	3.1
San Diego	10.6	4.1	12.2	3.0	6.2	3.1
S.F.-O.	12.9	5.2	11.4	3.5	5.2	3.2
San Antonio	11.0	4.9	5.6	2.0	5.7	4.7

The Public Sector

The federal government is the largest single employer in San Antonio and employs almost one-quarter of all employed Chicano(a)s in the area. San Antonio ranks first among SMSA's in percent of Spanish-surnamed employed by the government. The single most important employer in San Antonio is Kelly Air Force Base.

Two facts about Hispanic representation at Kelly stand out from reams of data. First, overall representation of Hispanic men has increased from 38.9% in 1969 to 47.2% in 1980. Overall representation of Hispanic women has increased from 8.1% in 1969 to 11.5% in 1980. These increases are particularly significant when seen against the backdrop of declining employment. Total employment at Kelly has declined from 24,019 in 1969 to 15,333 in 1979.

The change in representation is particularly striking in the Wage Supervisory (WS) grades, where Hispanic men increased from 34.2% to 62.9% of WS positions, and, in the General Schedule grades 9 to 12, where total Hispanic employment increased from 15.7% in 1969 to 33.4% in 1980. To add that at GS 13 to 15 positions, Hispanic representation increased from 5.9% in 1969 to 16.8% in 1980 both caps the first fact and launches the second; representation of Hispanics declines markedly as one moves up the grade schedule, particularly at the upper ranks of the GS schedule.

No single explanation for the significant improvements in representation emerges. Chance, however, can clearly be discarded. An intense and significant change in climate, legal and political, external to the base and internal, developed throughout the 1970's and brought profound changes. Sometimes through explicit revisions in personnel procedures, sometimes through attitudes, traditional ways of operating and the traditional place of Hispanics at Kelly have been upset. An enormous amount of activity and human effort have been devoted to institutionalizing change. Detailed affirmative action plans for each directorate are formulated and updated annually. Equal employment opportunity officers, the Hispanic Employment Program, the Federal Women's Program and the Upward Mobility Program have formal roles in the system. Independent Hispanic advocacy organizations, the most important of which is work-place centered IMAGE, are part of the system and actively monitor hiring and promotion decisions and processes. The wider Hispanic political community, community organizations, even churches, enter the structure as well, albeit indirectly. Institutionalized pressure for change is effective in dramatically increasing representation of Hispanics at Kelly in professional, technical and managerial jobs.

Similar, though less dramatic stories can be told throughout the federal, state and local government structure in the San Antonio area. The changing legal climate and legitimization of explicit concern with equal employment opportunity permit organized, active Hispanic groups to demand, pressure for, and affect the process to achieve change. Most often, entire personnel processes are revised. Attitudes of decision-makers are changed through various forms of direct motivation to increase the representation of Hispanics in professional, technical, and managerial jobs. The forms of the changes and active forces for change are discussed in detail in the larger work.

San Antonio Private Firms

During the spring and summer of 1978, we attempted to contact the 83 San Antonio companies with over 250 employees listed in the Directory of Largest Employers prepared by the Greater San Antonio Chamber of Commerce, March, 1978. Six major sectors of private industry are represented: manufacturers; contract construction; transportation, communications and utilities; wholesale trade; retail trade; and finance, insurance and real estate. The number of companies contacted, by size and sector follows:

TABLE 2

Sector	Number of Companies	
	500 & Over	250-499
Manufacturers	13	19
Contract Construction	1	5
Transportation, Communications & Utilities	4	4
Wholesale Trade	3	3
Retail Trade	13	11
Finance, Insurance, Real Estate	3	4
Total	37	46

Initial contact was made by telephone with the Personnel Officer, Equal Employment Opportunity Officer, or designated top official (President or Vice President). We introduced ourselves and the study, told them to expect a letter and questionnaire, in the mail asked for their cooperation in returning the questionnaire, even partially completed, and tried to make an appointment to discuss their equal employment opportunity practices and concerns. The letter and one page questionnaire, which were mailed, are reproduced on the following pages. A second telephone call was made to encourage participation and to make an appointment to meet. We tried, as well, to elicit reasons from those who refused to participate.

EXHIBIT 1: LETTER

June 1, 1978

As part of a labor market research project designed to explore the access of Hispanics (Mexican-Americans) to professional, technical and managerial jobs, we would like to ask your assistance by responding to the enclosed brief questionnaire. We are enlisting the aid of almost one-hundred and fifty (150) large private and public employers in the San Antonio area. We would greatly appreciate it if you would take the time to complete the questionnaire and return it to us in the enclosed stamped self-addressed envelope by June 15, 1978, if possible.

The information you provide will be treated as confidential and will not in any way be attributed to your firm or agency. It will be used only for the purpose of this research, and will be reported in aggregates so that individual firms or agencies cannot be identified.

Any additional information you would like to provide or insights you would like to share about Hispanics in professional, technical and managerial jobs, personnel practices and/or equal employment opportunity would be most helpful. Please feel free to add any additional thoughts or material.

We would particularly welcome a copy of your equal employment opportunity plan or related EEO materials. If you would like any further information from us about the project, we would be happy to provide it personally or by telephone. To request further information or a meeting, please call Professor Louise B. Wolitz, Division of Environmental Studies, The University of Texas at San Antonio, 691-4431. We may be contacting you, as well, to request a conference.

Professor Wolitz, the Principal Investigator of the project, is an Assistant Professor of Management of Human Resources and Economics in the Division of Environmental Studies and the Division of Economics and Finance at The University of Texas at San Antonio. She teaches graduate courses in economics, affirmative action policies, labor relations and manpower. She is being ably assisted in this project by Ron Puckett, graduate research assistant.

We thank you very much for your time and thoughts and look forward to hearing from you soon.

Sincerely yours,

Louise B. Wolitz
Assistant Professor

Ron Puckett
Research Assistant

EXHIBIT 2: QUESTIONNAIRE

1. Number of employees at present
   a. All Employees: Total____ Male____ Female____
   Hispanic Employees: Total____ Male____ Female____
   b. In professional jobs. All Employees:Total____ M____ F____
   Hispanic Emp.: Total____ M____ F____

   c. In technical jobs. All Employees: Total____M____ F_____
   Hispanic Emp.: Total____M____ F_____
   d. In managerial jobs. All Employees: Total____M____ F_____
   Hispanic Emp.: Total____M____ F_____

2. During the past five years, has your firm/agency:
   a. Made a special effort to expand recruitment of Hispanics? Yes_____ No_____ If so, how?

   b. Changed hiring procedures in an effort to increase the number of Hispanics hired? Yes___ No___ If so, how?

   c. Changed promotion procedures to allow more Hispanics to be eligible for promotion? Yes___ No___ If so how?

   d. Conducted special training activities to assist Hispanics in obtaining jobs or promotions? Yes___ No___ If so, what were the incentives? How successful have they been?

3. Does your firm/agency provide for human relations/equal employment opportunity (EEO) training for supervisors? Yes___ No___ If so, is it required___ optional ___? If optional, what percentage of your supervisors attend? Who conducts this training?

4. Does your firm/agency have an internal EEO complaint process? Yes___ No___ If so, what are the basic procedures? Do your employees use the system? Have you noticed any trends in use of the system (increase or decrease)?

5. Does your firm/agency distribute and/or post EEO literature? Yes___ No___ If so, where do you obtain your literature?

6. Does your firm/agency have an EEO/affirmative action plan? Yes___ No___ a. If yes, when was the plan developed?____________________ Has the plan been updated? How often? When?____________________
   b. Why was it developed?

   c. Who in your firm/agency had the responsibility of developing the plan (ie. personnel officer, EEO officer, treasurer, president, etc.)?

   d. Did any outside agency assist or advise in the development of your plan? Who and in what way?

e. Which of the following areas are addressed by your EEO/affirmative action plan? recruitment___ underutilization___ upward mobility___ selection procedure___ promotion procedures___ goals___ timetables___ quotas___ processing of complaints___

7. Which of the following selection devices do you use for professional, technical and managerial personnel: experience___ education___ written tests___ oral tests___ interviews___ other___?

8. What are the general promotional criteria for your firm/agency for professional, technical and managerial personnel?

9. Is your firm/agency a government contractor? Yes___ No___ Federal___ State___ Local___

10. Has your firm/agency had occassion to seek assistance from the Equal Employment Opportunity Commission or a similar agency/organization? Yes___ No___ If so, in what way? Were the results satisfactory?

11. Has the EEOC or a similar agency/organization had occassion to contact your firm/agency on an EEO matter? If so, in what way? Were the results satisfactory?

Response

The rate of response was disappointing. Of the 83 companies contacted, only 29, or 34.9 percent, responded positively to our request for information. A positive response consists of either a returned questionnaire, an interview, or both. Six firms (7.2 percent) agreed to an interview and then cancelled and would not reschedule. Forty-eight firms (57.8 percent) said, firmly, that they were not interested in participating and would not meet with us. Response, by industrial sector, follows:

TABLE 3

Sector	Number of Firms	Positive Response Nbr.	Positive Response %	Cancelled Nbr.	Cancelled %	Not Interested Nbr.	Not Interested %
Manufacturers	32	13	40.6	3	9.4	16	50.2
Contract Construction	6	0	0	0	0	6	100.0
Transportation, etc.	8	3	37.5	0	0	5	62.5
Wholesale trade	6	3	50.0	1	16.7	2	33.3
Retail trade	24	7	29.2	2	8.3	15	62.5
Finance, etc.	7	3	42.9	0	0	4	57.1
Total	83	29	34.9	6	7.2	48	57.8

It is difficult to interpret the reasons so many companies refused to participate. The reasons offered were: 1) too small a staff to answer questions; 2) no time to interview; 3) local branch has no authority to participate in matters handled by the home office; and 4) the president says "no". A prudent business might well refuse to discuss a controversial and potentially actionable area with a perfect stranger. There was no incentive to participate. At the least, participation would require time. Therefore, one can draw no substantive conclusions about equal employment opportunity and Hispanic representation from a company's refusal to participate in this effort. Indeed, considerable effort was expended to try to secure an interview with one large, prominent firm which we know, from other sources, has revamped its hiring and promotion procedures dramatically in order to improve minority representation and opportunity. The president of the firm steadfastly refused to speak with us or to authorize any employee to speak with us. He refuses consistently, as well, to allow graduate students who are employed by his company to investigate the subject of the firm's equal employment opportunity efforts.

Sears-Roebuck was preparing to file suit against the federal government for contradictory standards on equal employment opportunity. Rumors were flying about the details of the suit. The retail trade sector might have been particularly constrained by the Sears case rumors.

The timing of our effort was unfortunate because of the freshness of the Datapoint case and its residue of hostility. James J. Kilpatrick, syndicated columnist, illustrates the climate in his July 24, 1978 column in the San Antonio Light:

> "Of all the federal agencies engaged in harassment of the American business community, none is more feared or resented than the Equal Employment Opportunity Commission... Among the bureaucracies, it stands like Goliath.
> Well, Goliath got its comeupance the other day. The story should infuriate the taxpayer, but it offers hope to the business community.
> The Datapoint case demonstrates that it is indeed possible for an employer to fight back successfully against the massive, malicious power of government attorneys who are obsessed with the prosecution of frivolous charges."

The Equal Employment Opportunity Commission had taken on Datapoint. From the firing of Helen Sierra on December 15, 1970, the EEOC constructed a full-scale class action suit alleging across-the-board employment discrimination against blacks, Spanish-surnamed individuals and women. The case was primarily statistical, resting on detailed comparisons of Datapoint work force statistics with the composition of the labor market in San Antonio. The allegations were comprehensive, time-consuming, and costly to fight. The discovery phase of the case lasted two years. The EEOC, moreover, apparently handled the case in a sloppy and unprofessional manner, which added to the costs and frustrations of the defense. When the case was finally heard by Judge John Wood in United States District Court for the Western District of Texas, he ruled in favor of the Defendant, Datapoint, on 16 Findings of Fact and 20 Conclusions of Law. Moreover, he awarded attorneys fees and expert witness expenses to Datapoint totalling $80,000. The EEOC appealed. The Federal Court of Appeals, 5th Circuit Court, on April 7, 1978, upheld the district court's decision, but remanded the question of attorneys fees back to it for specific findings. In a memorandum order dated June 28, 1978, Judge Wood reaffirmed his court's earlier award to Datapoint of attorneys fees and expert witness expenses. The case received extensive publicity, national as well as local, and was fresh in the minds of the San Antonio employer community. We undoubtedly received some of its intense fallout. How important this factor of timing was in explaining employer reluctance will become more apparent as we attempt, this year, to elicit similar information again. We hope to be more successful.

It is impossible to guess if the firms that would not participate differ in any important substantive ways from the firms that did participate. The following discussion will be drawn from the information provided by 29 participating firms.

Data

Of the firms that did respond, ten offered data. We suspect that the range of numbers reported is representative of the range of numbers to be found in San Antonio firms as a whole. The patterns reflected are consistent with over-all labor market data and with well-documented data in the public sector. The most significant findings to be drawn from the respondents are: 1) There is a wide variation in over-all representation of Hispanics in individual firms; 2) There is a wide variation in the representation of Hispanics in professional, technical and managerial jobs in individual firms, and, 3) Even where Hispanics are well-represented over-all, they are under-represented in professional and managerial jobs. For this data, the meaning of technical is unclear. Often, it signified skilled manual workers.

The following table summarizes the data offered by the ten firms. Column 1) shows Hispanic employees as a percent of total employees in the firm; column 2) shows Hispanic professionals as a percent of total professionals in the firm; column 3) shows Hispanic technicians as a percent of total technicians in the firm; column 4) shows Hispanic managers as a percent of total managers in the firm:

TABLE 4

Column 1) Total Employees Hispanic/Total	Column 2) Professional Hispanic/Total	Column 3) Technical Hispanic/Total	Column 4) Managerial Hispanic/Total
92.3	-	-	12.5
83.1	50.0	50.0	45.8
81.8	10.0	63.6	37.5
62.7	20.0	53.9	35.3
60.8	33.3	60.9	0.0
54.7	0.0	58.7	38.5
45.9	18.6	50.0	24.7
45.2	38.5	50.0	6.5
37.5	20.0	16.7	6.7
10.0	10.5	0.0	0.0

Personnel Practices

Questions 2, 7, and 8 of the questionnaire seek to explore the role of traditional patterns of recruitment, selection, promotion and training in explaining Hispanic under-representation in professional, technical and managerial jobs. They seek to develop empirical information about traditional practices, unintended barriers created by traditional practices, awareness of the effect of practices, changes in practices, and results of changes. In the public sector, for example, there have been dramatic changes in recruitment channels and selection and promotion devices and an accompanying increase in Hispanic representation. Is the private sector similar?

Our overall impression is that formal personnel practices in recruiting, selecting and promoting play a small role in the San Antonio private sector. There is no evidence, for example, of extensive use of tests for hiring or promotion at the professional and managerial level. The most commonly cited criterion for hiring is experience. The other factor often cited is education. The most common methods of obtaining information on and evaluating experience and education are through employment applications and personal interviews. For promotion, experience is also the most commonly cited factor, joined by past performance. Other factors in promotion named important by companies are dependability, attitude, potential, honesty, supervisory knowledge and education.

Are these informal evaluation practices barriers to Hispanic representation? Experience as a criteria for initial hiring in job categories in which Hispanics are clearly under-represented may itself be a barrier. Clearly, dependability, attitude, potential and supervisory knowledge are highly subjective factors. Whether or not they are barriers depends on the mind-set of the evaluator. One company wrote a message across a returned questionnaire: "You should make a study about work attitudes. The attached survey tells results or effect but not why."

The majority of companies firmly deny any changes in practices. One personnel director said there had been changes, but these changes are informal, in people's heads. Our impression from many interviews is that changes in people's heads have taken place, not always consciously. They are extremely hard to identify and document.

We interviewed several Hispanic personnel or equal employment opportunity officers. They felt that significant changes were taking place in the attitudes of top management, but in ways difficult to document. They viewed themselves as having a role in encouraging these changes and being alert to subtle barriers. All were intensely aware of the issues being raised, actively helpful to the study, and interested in its results. They varied in how actively they pursued change and how effective they perceived themselves. They tailored their approach to their perceptions of top management's attitude.

The most active explicit changes are in a company which consciously redesigned some positions to enhance representation. A supervisory position was created for an extremely able long-term female employee. Another woman was hired who had a college major completely unrelated to the job. She was then paid to take related management courses. Both cases were successful from the point of view of the employee and the firm.

Most companies deny any changes in recruitment practices. Two changes were explicitly cited. Efforts were made to visit colleges with high enrollment of minority students. Recruitment efforts were expanded to include minority organizations. Most firms reporting these efforts were government contractors. Education and training activities play a very small role and are cited by only a few firms.

Equal Employment Opportunity

EEO training for supervisors is reported by some firms, but is not perceived to play an important role. EEO complaint processes are also reported by some firms. They are either hierarchical in nature (supervisor, department head, president) or of the "see me" variety. EEO literature is posted, but is not perceived to be important.

Half of the firms have EEO plans, formally developed and regularly updated. Most, but not all, of the firms with formal EEO plans are government contractors. Some contractors do not have plans. Some contractors clearly indicate that the only reason they have a plan is "it is the law." Some companies without plans are "thinking about developing one." Many companies expressed concern that they will be asked by some government agency to produce a formal plan. Many felt they would not do so until someone made them. Some companies indicate they have been told they "don't need one," generally a function of whether they were officially considered a contractor or not. Most, but not all, contractors with plans have goals and timetables as required. Few non-contractors have goals and timetables. No San Antonio firm said it had a quota.

Some firms have had experience with the EEOC. Some said both parties emerged satisfied; some said only the EEOC was satisfied. Most did not wish to talk about complaints.

There is little enthusiasm for formal affirmative action plans. If they were not required of federal contractors, and firms were not worried about being told by some government agency that they need one, it seems clear that there would be few affirmative action plans in San Antonio. The almost unanimous sentiment voiced by those interviewed is that progress has come from changing attitudes of top management, not from formal affirmative action plans. Unanswered is the link between attitudinal change and government requirements.

Lessons from the 1970's

The study demonstrates a continuing problem of under-representation of Hispanics in managerial, technical and professional positions. It concentrates on the demand-side of the problem, rooted in the decision-making mechanisms of individual employers. As educational and skill differences continue to narrow, the role of the demand-side in explaining under-representation will grow. It is critically important to understand the processes through which under-representation is perpetuated and to identify levers for change in the processes.

It is our conclusion that change does not just happen. It must be pushed. It has been pushed in the 1970's by pressures from the federal government, by Hispanic professional and managerial employees in individual firms, and by organized Hispanic community advocacy groups. From these initiators of pressure, there has been a more generalized change of attitude "in the heads" of decision-makers. This change may take the form of heightened sensitivity to a problem of which they may have been previously unaware. It may take the form of heightened sensitivity to the bias component in generally held attitudes. It may take the form of consciously or unconsciously attempting to avoid bias in evaluating employees for initial employment and promotion, especially where the evaluative technique is highly subjective. These changes are more difficult to identify and document than explicit changes in personnel practices, like revisions of testing instruments, but no less important.

It is also difficult to disentangle attitudinal change and pressure. Is external pressure, like federal government requirements, internalized as attitudinal change? What will happen to attitudes if external pressure is removed?

The most important lesson of the 1970's is not to remove the pressure. Simply collecting data and calling attention to numerical patterns of representation is a form of effective pressure. It forces attention to a subject which might otherwise be passed over. Current attempts in Congress to eliminate attention to numbers must be resisted actively. Affirmative action plans and federal requirements of contractors are particularly useful in calling attention to numbers. This focused attention alone is effective, even where goals and timetables are not important.

In addition to numbers alone, potential enforcement action, whether through the courts or a contracting authority, is also a spur to change. It may be unpopular but necessary to avoid passivity. However, action, when taken, should be handled carefully.

Hispanic professionals and managers, working from within, can be a subtle source of pressure as well as an active force for change. They serve to enhance a firm's awareness and make a positive case for increased representation. As representation increases, the effectiveness of this source of change will be strengthened.

The 1980's need more, not fewer, sources of pressure for active change.

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PANEL

"OBSTACLES AND MOTIVATING FACTORS FOR HISPANICS TO ENTER BUSINESS SCHOOL: A STUDENT PERSPECTIVE

Cochairpersons: Mr. Raúl Chavarría, DePaul University student
Dr. Helen Lavan, DePaul University

SUMMARY

The information presented at this round table discussion was obtained from an assortment of questionnaires and open verbal discussions with students from universities, junior colleges and high schools. The questions were developed to ascertain the influences as a Hispanic student's school and career choices. They were also designed to reveal problem areas as well as areas that need further attention, as for example, the need to develop positive role models, better counseling and exposed subject offerings.

Among the recommendations made were the following:

1. Hispanic parents need to increase their knowledge about business. Their view of "business" as the career grocery store must be changed for them, but also for the Hispanic student who sees little or no excitement in the business world.

2. Positive role models need to be faced for the purpose of educating Hispanic students about the values of a college education and the benefits of a business career. These role models are scarce. Due to these shortcomings, the Hispanic student is deprived the opportunity to see that business is as honarable and attractive as medicine and law, fields which Hispanic parents seem to esteem and thus encourage their children to enter.

3. Counseling at all levels of education, but especially in high school, must improve. Counselors should remain neutral on a student's career choice. Counselors are not to recommend or discourage career choices, but rather to present the student with alternatives from which to choose. The pros and cons of entering a two year college versus a four year university should be also thoroughly presented by the counselor.

4. Colleges should institute stronger recruitment of Hispanics. Latinos must be seen as a viable pool of people with the potential to succeed in business. Colleges must look beyond SAT and ACT scores. School elevation, grades and achievement are equally important elements.

Comments

It was the consensus of the round table participants that 'affirmative action' is needed to aid more Hispanic students enter business schools. But this action must be born from a sincere interest in the plight of the

Latino students. All too often, I have seen intelligent Latino students with the ability to succeed in today's business world fall by the wayside due to a lack of positive role models, poor counseling, unenthusiastic high school or college teaching methods, lack of interest by colleges, and of course, lack of financial assistance, which can become more serious under the current administration's views on spending.

As a business student I know and am familiar with these problems. I also know that through application, desire and help they can be overcome. Only by generating interest and concern from those who can impact on the problems can the Latino student be given full opportunities to enter the business world.

PANEL

"ATTRACTING HISPANICS TO BUSINESS SCHOOLS: A BLUEPRINT FOR ACTION"

Chairperson: Mr. Charles Hickman[1], American Assembly of Collegiate Schools of Business

Panel Members:
Dr. Dan Anderson, University of Wisconsin, Madison, WI
Dr. Luis Aranda, Arizona State University, Tempe, AZ
Mr. Miguel Cardona, Inroads, Inc., Chicago, IL
Mr. Raúl Chavarría, DePaul University, Chicago, IL
Ms. Mary C. Clark, Northwestern University, Evanston, IL
Ms. Angeles Eames, Loyola University, Chicago, IL
Mr. Joe Rodríguez, Continental Bank, Chicago, IL
Dr. James Staszak, DePaul University, Chicago, IL

There were from 15 to 20 persons in attendance at the roundtable--most were local students and DePaul faculty, plus a few student counselors.

SUMMARY

The panel discussed statistics showing that while Hispanics account for approximately seven percent of United States population, they represent only two percent of business school enrollment. Assuming that it takes roughly 20 years for a business school graduate to move into middle or upper management, it is clear that Hispanics will be underpresented in American business well into the 21st century.

A variety of causes for low Hispanic business enrollments, and possible remedies were discussed. Panelists agreed that the negative image, or the lack of any image, of business and management careers among Hispanic youth were at the core of the problem. The panel recommended: 1) immediate efforts to improve the academic and career counseling Hispanic students receive at the elementary and secondary school levels. At present, many counselors provide guidance to Hispanic students based on outdated prejudices or a lack of accurate information; 2) the "business" classes offered by many high schools cover no more than training in typing, bookkeeping and other office practices. Courses in basic economics, marketing and finance should be introduced which portray "business" as a challenging and rewarding career field; 3) greater efforts should be made by employers, schools and other organizations to provide prospective business students with role models of successful Hispanic businesspersons and managers; 4) employers and schools, often in cooperation with other interested organizations and associations, should provide more summer internship programs and courses to Hispanic students.

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These programs would provide Hispanic students with both practical and academic skills and knowledge which would serve to attract them to, and retain them in, business and management courses: 5) Hispanic students aspiring to careers in business may often receive little support for this goal from other family members and peers. Well publicized activities which identify career opportunities and academic financial aid sources may help remedy this particular problem; 6) increased financial support from government, industry and schools to conduct the programs described above.

COMMENTS

I would add that AACSB's own experience suggests that many activities such as the ones described already exist. However, the problems of attracting more Hispanics into business schools and business have deep economic, educational and social roots that are too difficult for any single interest--government, employers, educators, minority groups, etc.,--to overcome. I believe each group can bring special expertise and resources to a cooperative effort that would replicate successful existing programs as well as launch new initiatives. It is this concept that we are using to build the Program to Increase Minorities in Business (PIMIB)--an AACSB project designed to accomplish many of the strategies discussed by the panel.

(Prepared by Charles Hickman, American Assembly of Collegiate Schools of Business)

PANEL

"CROSS CULTURAL MANAGEMENT: THE CASE OF THE HISPANIC MANAGER IN THE U.S."

Chairperson: Dr. Miguel Tirado[1], Monterey Institute of International Studies

Panel Members:

Dr. Marta Calás, University of Puerto Rico, Mayaguez, P.R.
Ms. Mariah de Forest, Inberman and de Forest, Chicago, IL
Dr. John Fernández, Bell of Pennsylvania, Philadelphia, PA
Dr. Larry Penley, University of Texas, San Antonio, TX
Mr. Ray Mesa, Xerox Corporation

SUMMARY

The focus of this roundtable was the retention and promotion of Hispanic managers in corporations. The panelists' presentations and resultant discussions related to the three general questions posed in the concept paper presented by Miguel Tirado (full presentation follows). This forum, in turn, produced three general recommendations for research and action on these topics. The first dealt with the need for improved ways of predicting success of actual and potential Hispanic corporate employees. Larry Penley in his paper outlined several of the characteristics which distinguished the more successful Mexican-American college graduates. He also stressed the importance of developing effective career strategies and noted that the successful career approaches selected by Hispanic youth tend to differ from those chosen by Anglos.

Mariah de Forest further emphasized the differences between Hispanic workers and Anglos in responding to various work environments. She also pointed out the importance of preparing young Hispanics in those vocational skills and psychological attributes needed to advance in a firm. While stressing the responsibility of Hispanic workers to develop these career adaptation skills she acknowledged the structural obstacles impeding their mobility.

John Fernández, in turn, focused upon the institutional restraints placed on upward mobility of Hispanics and other minorities by the corporate structure. Specifically he referred to the lack of a clear opportunity structure due to the persistence of institutional roadblocks such as credentialism, tokenism and the relegation of minorities to dead end jobs. The exclusion of minorities and women from the informal "old boy" networks was also highlighted. Another panelist, Ray Mesa of the Xerox Corporation, referred to ways Hispanics have compensated for this exclusion by developing their own support groups within the corporate environment.

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The focus of the discussion during the latter portion of the roundtable dealt with the implications of the Hispanics' presence in management for the operation of the corporation. Marta Calás spoke about the impact heterogeneity has on the management styles exhibited in culturally diverse work teams. She specifically referred to the implications for the work environment of the differing attitudes of Hispanic employees toward power, uncertainty, collective vs. individual actions and assertiveness. Armando Triana in the roundtable discussion also elaborated on special attributes needed for effectively managing Hispanics. The final result of the forum was the general recognition that the Hispanics' promotion and retention in management positions requires special attention to their needs for career counseling, culturally aware managerial styles, and the elimination of structural obstacles in the path of their achieving more responsible positions in corporations.

A POSITION PAPER ON:

"CROSS-CULTURAL MANAGEMENT: THE CASE OF THE HISPANIC MANAGER"

Miguel D. Tirado[1]
Monterey Institute of International Studies

The question of the Hispanic manager in business has been a subject of very little concern to management research conducted in the United States. In recent years, however, the number of Hispanics in managerial occupations has increased sharply. In 1970, the Spanish surname percentage of employment in almost all managerial categories had improved to nearly one half of the percentage of the Spanish surnamed in the total labor force in the Southwest.[2] This was in great part due to the improved educational level of Hispanics, the recent industrial expansion of the Southwest and the compliance of companies with equal opportunity guidelines. These factors resulted in a steady increase in the percent of Hispanic managers to 6.9% of the Hispanic male labor force by 1978. Their increasing presence in the ranks of management, however, did not produce an increase in their salary levels compared with non-Hispanic managers. The median annual income for Hispanics employed as managers remained $11,545 compared with $15,650 for non-Hispanics.[3] This suggests that their increasing presence in management's ranks also did not produce a concomitant concern for ways to insure their retention and promotion in these jobs. All too often the company's interest in the unique problems of minority managers is limited to ensuring against discrimination in entry level positions.

When operating in Spanish-speaking countries abroad, the concern of these same companies for Hispanic supervisors has been somewhat greater. The result has been more attention to the matter of integrating and offering upward mobility to foreign nationals of Hispanic descent than those of U.S. citizenship. The interest of Mexican, Puerto Rican and other Spanish-speaking management theorists in the welfare of their fellow countrymen and women working for U.S. multinational corporations offers a reservoir of valuable insights into the following questions surrounding the Hispanics role as a manager in the North American corporate context.

ARE HISPANICS LESS PRONE TO ASSUME MANAGEMENT FUNCTIONS THAN OTHER ETHNIC GROUPS?

A recent study of Mexican-American college graduates sought to identify their propensity to manage. Using a test of managerial motivation (Miner's Sentence Completion Scale), he observed these graduates tend to have a relatively low motivation to manage.[4] Does any sound basis exist for concluding that Mexican-Americans specifically and Hispanics in general are less suited for managerial roles? What, in turn, is leading these college graduates to perform less well on these tests? To what extent are personal or cultural attributes a factor in determining the aptitude of these individuals for managerial roles? Gould and Penley in their paper for the Third National Symposium on Hispanic Business and Economics have noted the impact of such characteristics of the Mexican character as personalism, authority need and low achievement orientation on the career development of Mexican-American youth.[5] These, they conclude affect the latter by altering the attitudes as well as the strategies and tactics of Mexican-Americans toward their career choices. While they also acknowledge such environmental obstacles to their occupation mobility as socio-economic level, organizational obstacles, and the lack of education opportunity, they tend to place great emphasis on the cultural attributes impeding the mobility of Hispanics in business. This same analytical emphasis is also mirrored in the writings of many other North American scholars concerned with Latin American business behavior.[6]

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DO HISPANICS CONFRONT UNIQUE PROBLEMS AS MANAGERS IN CROSS-CULTURAL WORK ENVIRONMENTS?

While little empirical research has been done on the unique circumstances facing Hispanics in managerial roles, enough evidence on minority and women managers exists to suggest that Hispanic supervisors face special pressures both from their superiors and their subordinates. Richards and Jaffe point to the general tendency for supervisors to hold reduced expectations for minority managers. More specifically, Whitehead and King have found that Anglo managers have lower expectations for their Mexican-American subordinates and tend to evaluate them less favorably than their Anglo employees.[7] The resultant effect of this management attitude on performance appraisals and job related behavior can inhibit the Hispanic manager's upward mobility within an organization. The fact that higher level supervisors tend to have relatively little contact with their minority employees only tends to heighten and perpetuate these stereotypes.[8]

The pressures from subordinates on an Hispanic or other minority manager also contribute to the 'pressure cooker' effect experienced by these executives. The work of Richards and Jaffe points to a tendency for Anglo employees to disagree more and be less accepting of a minority supervisor than one of their own ethnic or racial background.[9] Studies of military personnel under minority officers also suggest a greater tendency for non-minority subordinates to be more critical of minority supervisors in performance ratings.[10] These pressures on Hispanic managers from subordinates are further aggravated where Hispanics are among their employees. In such cases, the Hispanic subordinates may seek favoritism from their "ethnic brothers or sisters" thereby threatening the Hispanic manager's efforts to treat all employees fairly. Unfortunately, the manager's fear of isolation from superiors and subordinates alike can lead him or her to seek support from their fellow ethnics thereby provoking accusations of favoritism from non-ethnic subordinates. One alternative solution to this sense of isolation is the formation of peer group associations of Hispanic managers similar to the Personnel Managers Association of Aztlan in California and SOMOS, composed of Bell Telephone employees in the Denver, Colorado area.

ARE CERTAIN MANAGEMENT APPROACHES AND ORGANIZATION SETTINGS MORE CONDUCIVE TO THE SUCCESS OF HISPANIC MANAGERS?

The recent survey of Mexican-American college graduates by Gould found them to be most concerned with the organizational climate they would soon confront in their jobs. Specifically, they expressed concern with low turnover, entrenched management and low intraorganizational mobility as barriers to their advancement.[11] Another set of organizational obstacles relate to certain supervisorial styles of management which tend to impede the performance of Hispanic subordinates.[12] Among these are the absence of personal consideration from supervisors and a structured work environment in which to function. The Hispanics' hesitancy to assume greater participation in decision-making surrounding their work has also been highlighted as a factor reducing the optimal performance of these employees.[13]

The interaction of U.S. corporations with Latin American employees also reveals the role of cultural and organizational restraints on Latin managerial behavior. A case study of a business operation in Mexico suggests traditional Latin managerial style is steeped in "lese majeste and based on the traditionally enormous gulf between classes and their patrons."[14] Philip Harris and Robert Moran point to the same hereditary Spanish culture as the reason for the persistence in Puerto Rican firms of the patriarchal control of business with its downward control of information and authority.[15] Whyte and Holmberg conclude that this Latin societal belief in a hierarchical order produces social relationships patterned along lines of dependence and submission.[16] These personal cultural attributes, however, are also perceived by exponents of cultural determinism as discouraging the Hispanic manager from subordinating their individualism for more cooperative working relationships with others. The following comments are representative of this traditional culturally-based explanation of Latin managerial behavior:

> Mexican managers, by contrast, have nothing in their cultural baggage which promotes team play. While the American tends to balance his need for individual expression against the need of the team, the Mexican usually does not show the same balance. There is a strong need to be individualistic in the Mexican manager, a need which is not diminished by the team's needs for unanimity of action. It is prompted by his attitude toward the delegation of authority. If the Mexican manager delegates, he allows his subordinates to relegate him to a group limbo by restricting his opportunity to act as a singular entity. Hence, authority is tightly gripped lest the boundaries to exercise his authority and his individuality are circumscribed by his underlings.[17]

Interestingly, these comments bear surprising resemblance to those often made of North American managers when compared with their Japanese counterparts.[18]

DO HISPANIC SCHOLARS HAVE ANYTHING SIGNIFICANT TO CONTRIBUTE TO OUR KNOWLEDGE OF HISPANIC BUSINESS BEHAVIOR?

In reaction to this dominance by North American management theorists of the explanations for Hispanic organizational behavior, a growing number of Mexican, Puerto Rican and other Latin American scholars are looking to develop their own theories of the management process. Professors Darvelio Castano, Graciela Sanchez and Esther Wicab of the Universidad Nacional Autonoma de Mexico argue that "the focus and techniques of organization change produced in the United States or Europe can only be applied in the same form with great difficulty to Latin American countries, who have very different characteristics from those of more industrialized, economically-advanced countries."[19] While these authors acknowledge many of the same characteristics of Hispanic managerial behavior described by traditional Northern American scholarship (paternalism, centralized authority, intuitive decision-making and individualism), their explanations for these patterns of Latin business behavior reflect a more balanced emphasis on socio-economic as well as cultural considerations.

One example of this dual perspective is an explanation for the reduced opportunities for organization mobility described by Mexican-American college graduates earlier in this paper. The recent fluctuations in labor conditions produced by inflation and recession affect all workers. Yet certain determinants of Mexican culture heighten the sensitivity of these future Hispanic managers to labor market conditions. Specifically their close family ties and practice of placing great importance on family responsibilities tend to reduce their ability or willingness to move in search of new jobs. the same impact of economic circumstances and cultural factors is also evident in the perceived tendency of Hispanic managers to rely more upon intuitive and individualistic styles of managing. One explanation for the persistence of these traditional managerial styles could be the inflationary economic conditions confronting these managers and the recognition that their traditional management approaches reflect rational business strategies in a volatile uncertain market setting.

The above questions are presented as points of departure for the round table discussion on Cross-cultural Management. They suggest the urgent need for more research into the problems and opportunities for Hispanics and other minorities entering managerial positions in private industry. The search for answers to these questions can no longer be ignored if Hispanics are to assume leadership positions in commerce and industry. The Third National Symposium on Hispanic Business and Economics offers a unique opportunity for those of us concerned with these issues to coordinate our efforts to focus attention and resources on this objective.

THE IMPACT OF CAREER STRATEGIES AND TACTICS ON THE CAREER PROGRESS OF MEXICAN AMERICANS AND ANGLO AMERICANS

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SCOPE OF PROJECT

This study investigates the career progression of Mexican-American and Anglo-American employees of a large municipal government. It identifies the attitudes, career strategies, and tactics utilized by these employees to enhance their career progression. Through controlling for the variance in one's career progress which is due to socioeconomic background, age, education, sex and marital status, the study focuses on the differences in career-related attitudes, strategies and tactics between two ethnic groups: Mexican American and Anglo-American.

Data were collected from questionnaires completed by male and female Mexican-American and Anglo-American employees and from personnel records. All participants were clerical, technical, or professional employees of the municipal government of San Antonio, Texas.

STATEMENT OF THE PROBLEM

Mexican-Americans have typically held jobs which have lower salaries and require fewer skills. They have been disproportionately underrepresented among the professional-technical and administrative occupations, and they have been disproportionately overrepresented among the unskilled and semi-skilled occupations (Newman, 1977). The Bureau of Labor Statistics (Workers of Spanish Origin: A Chartbook, 1978) reported that the median annual earnings for Mexican-American males with full-time, year-

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round employment was $9,247.00 while White-American[1] males earned over $3,000.00 more with median salaries of $12,817.00.

There are a variety of potential causes for the discrepancies in salary as well as occupation between Mexican-Americans and the dominant U.S. ethnic group. Among those causes are age, education, and socioeconomic background. Although the Mexican-American labor force does have a larger percentage of young people (29.2% versus 23.2% for Whites in the 16 to 24 year group), The Bureau of Labor Statistics reports that 49.3% of Mexican-Americans versus 42.8% of White Americans fall into the 45-64 age group (Workers of Spanish Origin: A Chartbook, 1978). Gould (1979) argues that such a distribution of ages among the two ethnic groups should not account for the salary differences.

Education may also account for differences in salary and occupation between Mexican-Americans and Anglo-Americans. However, even where education has been controlled, there appear to have been important unaccounted differences between Mexican-Americans and Anglo-Americans. For example, Baca (1978) demonstrated that Mexican-Americans do not obtain the same payoff as Anglo-Americans receive for equal educational attainment.

Socioeconomic background has been repeatedly identified as an important, if diminishing, predictor of one's occupational and income attainment (Warner and Abegglen, 1955). As was already observed, Mexican-Americans are disproportionately overrepresented by lower levels of income, educational attainment and occupational status (Workers of Spanish Origin: A Chartbook, 1978). Income, education and occupational status contribute to one's perceived socioeconomic background; with Mexican-Americans coming from lower socioeconomic backgrounds than Anglos, one would expect lower occupational and income attainment.

Certain aspects of the Mexican-American culture may also contribute to limited career progression or to a very different approach to career progression. However, any discussion of cultural similarities among a North American subculture must be viewed in light of the diversity within the subculture. The Mexican-American subculture is not an exception to this rule of diversity. Still, a variety of writers (e.g., Diaz-Guerrero, 1975; Grebler Moore & Guzman, 1970; Gould, in press), have identified certain cultural characteristics which may impact the career progression of Mexican-Americans through attitude and choice of career strategies and tactics. A few of those characteristics are discussed here.

Family ties and orientation toward the family are often cited as traditional characteristics of Mexican-Americans (Grebler, et al. 1970; Diaz-Guerrero, 1975). In fact Grebler, et al. (1970) have argued that family orientation limits social mobility. On the other hand, Keefe (1979) and Farris and Glenn (1976) have suggested that a familial orientation may enhance career progression through the support which the family provides.

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[1] The term "White" American is used only in reference to statistics published by the U.S. Government; Anglo-American is used in all other references to non-Hispanic White Americans.

Mexican-Americans have also been described as more particularistic than Anglos (Zurcher, Meadow and Zurcher, 1965). That is, Anglos are more likely than Mexican-Americans to develop loyalty to such institutions as the work place. Limited loyalty to the work organization may result in lower payoffs to the Mexican-American in terms of career progression.

Diaz-Guerrero (1975) has also described the Mexican as more affiliative and less competitive than the Anglo-American. Lack of competition may be somewhat similar to the absence of the achievement motivation as described by McClelland (1965). In the U.S. culture, the need to achieve strongly reflects a personal individualism (DeVos, 1968). Mexican-Americans who are more cooperative (rather than competitive) than Anglos and who are more oriented toward family rather than individual achievement (Ramirez and Price-Williams, 1976) may view career progression very differently. Further from this brief discussion, we could hypothesize that Mexican-Americans may also differ from Anglo-Americans in terms of the career tactics and strategies they successfully utilize.

CAREER PROGRESSION

In Hall's discussion of career effectiveness, (Hall, 1976), he identified four measures of effectiveness: (1) performance, (in terms of salary and position), (2) personal evaluation of career, (3) adaptability, and (4) a sense of identity. For purposes of this study, the first two types of effectiveness were selected as measures of career progression. Thus, performance is considered in terms of salary change, and the individual's evaluation of his or her career is measured as "expected progress in the career."

The extent to which one progresses in a career is no doubt due to a variety of variables including the personality and demographic characteristics of the person, the fit between the person and the organization, the characteristics of the organization, and the behaviors which a person employs to enhance career progress. One approach to explaining career progress was identified by Hall (1976) as career processes. He explains that this approach focuses attention upon the environment and behaviors in the environment which affect career progress.

Such behaviors which enhance the position of the person in the environment have been labeled ingratiation tactics by some writers (e.g., Wortman and Linsenmeier, 1977). Wortman and Linsenmeier (1977) define ingratiation tactics as "a class of strategic behaviors employed by a person to make himself more attractive to another" (p. 134). They include such behaviors as good performance, flattery, conformity, etc.

To the extent that the "other" person to whom ingratiation tactics are addressed is responsible for career progress-related outcomes, such tactics are likely to be effective. For example, Kipnis and Vanderveer (1971) concluded that flattering one's supervisor increases one's attractiveness and performance ratings. Much of the research which is based on the work of Heider (1958), supports the conclusion that the expression of acceptable messages tends to create attraction and concomitment positive evaluations of the persons who express such acceptable messages (Byrne, 1969; Johnson and Johnson, 1972).

Of course, imgratiation tactics may not be a totally acceptable explanation for the career behaviors exhibited by an individual in his or her attempt to progress. Since ingratiation tactics are oriented toward making oneself more attractive, they may limit the scope of career behaviors which are related to career progress. Good performance, for example, may be an ingratiation tactic which is designed to enhance one's attractiveness. On the other hand, it may be intended as a purely intrinsically motivated behavior. Still, to the extent that it is successful, it must be evaluated by the supervisor so that progress may be enhanced. Although the person who performs well may not intend to ingratiate, ingratiation may be a byproduct of the behavior. Thus Mexican-Americans and Anglo-Americans may differ not only in attitude as it affects career progression, but they may differ in the strategies and tactics they use as well.

RESEARCH QUESTIONS

The following research questions were posed to guide the research which was undertaken in this section of the project.

1. Which attitudes and career strategies are significantly related to salary progression?

2. Which attitudes and career strategies are significantly related to expected future career progression?

3. How do Mexican-Americans and Anglo-Americans differ in the attitudes and career strategies which relate to salary progression and expected future career progression?

METHOD

Subjects

Questionnaires were mailed through intra-office mail to 800 randomly selected employees from the clerical, technical-professional and administrative occupations. The selected sample contained 200 Mexican-American males, 200 Mexican-American females, 200 Anglo-American males and 200 Anglo-American females. Participants were provided self-addressed, stamped envelopes for returning their questionnaires through the U.S. Post Office to the researchers. Of the 800 questionnaires sent out, 420 (53%) usable questionnaires were returned.

The analysis was based on the 420 usable questionnaires. Of that number, 232 or 55 percent were returned by Anglo-Americans. Fifty-two percent of 219 of the participants in the study were male. The average age of the participants was 39.7 years. Sixty-six percent of the sample had attended school beyond high school. Slightly over fifty percent of the participants identified the socioeconomic background of their families (while growing up) as lower middle income or lower income. The remainder of the participants identified their families as middle, upper middle, or upper income.

Variables

Career progression was measured in two ways: (1) salary difference and (2) expected career progression. Starting salary and current salary were obtained from personnel records and matched with returned questionnaires. Salaries were converted to 1967 constant dollars using the Consumer Price Index for the years 1940-1980 as printed in McConnell (1981). Starting salary was subtracted from current salary and the difference was adjusted for tenure using multivariate analyses. Expected future career progression was measured by asking participants to indicate how much improvement they expected in the next few years in salary, responsibility, influence, and skill and ability. Coefficient alpha for the computed measure was a = .87.

Career related attitudes were measured with individually-oriented and organizationally-oriented measures which included career locus of control, need for achievement, career planning, job involvement, calculative involvement, alienative involvement, moral involvement, and extra-organizational (or outside) involvement.

Career Locus of Control. Six six-point Likert-type statements were adapted from the Locus of Control scale of Rotter (1966). Statements were written in order to tap the degree to which participants in the study believed that their careers had been controlled by their own efforts (i.e., internal control) or subject to the caprice of events out of their control (i.e., external control). Coefficient alpha for the scale was a = .73.

Need for Achievement. Eight six-point Likert-type items compose the measure of need for achievement. Four of the eight items in the scale are from the Steers Manifest Needs Questionnaire (Steers & Braunstein, 1976), and the remaining four are from the WOFO scale of Helmreich and Spence (1978). Coefficient alpha for the measure was a = .68.

Career Planning. This construct was tapped by a measure developed by Gould (1979a). It contained five six-point Likert-type items which indicated the degree to which the participant possessed career goals, strategies and objectives. An example, of an item from this scale is, "I have developed strategies for achieving my career goals." Coefficient alpha was a = .85.

Job Involvement. Job involvement was tapped using the six items suggested by Lodahl and Kejner (1965). The scale measured the extent to which the participant found expression of himself or herself through the job. Coefficient alpha was a = .81.

Organizational Involvement. Three types of organizational involvement were measured. These three types of involvement are based on the work of Gould, Penley and Hall (1981) who argued that organizational involvement is manifested in calculative, alienative and moral forms. Five six-point Likert-type items were employed to tap *calculative involvement*. Coefficient alpha for this scale was a = .78. *Alienative involvement* was measured with five Likert-type items; its coefficient alpha was a = .88. Five Likert-type items also composed the measure of *moral involvement* whose coefficient alpha was a = .88.

Extra-Organizational. Participants were asked to rate the amount of involvement they had in religious or civic activities outside of work hours. This measure consisted of a single five-point item.

Career experiences and strategies were measured with twelve scales. These scales were designed by the authors while conducting related research. They were of two types. The first included four scales in which participants indicated the extent to which they had experienced a particular career promotive event or process during their careers in the organization. The second type of scales was career strategies and behaviors which the individual might employ. Using six-point Likert-type items, participants were asked to indicate the extent to which they utilized the strategies and behaviors indicated in the item. Eight scales were computed from these items.

Supervisor's Help. Six items which evaluated the extent to which persons had experienced such things as receiving career guidance from superiors, support and encouragement from supervisors, competent performance appraisal, competent supervision and the setting of high performance standards. These items composed the measure called supervisor's help. Coefficient alpha for this measure was a = .89.

Guidance From Others. This measure was composed of three items which tapped the extent to which the participant had received career guidance from experienced persons and support and encouragement from friends. Coefficient alpha was a = .63.

Obtaining Training. Two items were used to tap the extent to which participants had had the opportunity to obtain appropriate job and career-related training. Coefficient alpha was a = .84.

Job Availability. On two items participants indicated the extent to which they had encountered job openings and transfer opportunities. Coefficient alpha was a = .85.

Seeking Visibility. This measure was the first of the career-related strategies and behaviors. Seeking visibility was composed of four items. These items included behaviors such as making superiors aware of goal accomplishments and desired assignments as well as working hard when one's efforts would be seen. Coefficient alpha was a = .81.

Agree with Superior. This scale contained three items and it measured the extent to which the participant showed agreement with the boss although he or she inwardly disagreed. Coefficient alpha for this scale was a = .70.

Interpersonal Attraction. Four items composed this measure. They included strategies engineered to increase interpersonal attraction. Such strategies included dressing like the boss, disclosing intimate information to the boss, developing interests similar to those of the boss, and taking an interest in the boss' personal life. Coefficient alpha was a = .78.

Career Experience. Three items tapped the extent to which persons sought career opportunities and obtained broadly based career experiences. Coefficient alpha was a = .81.

Fill Work Need. This two item scale measured the extent to whichparticipants assumed leadership roles and developed expertise where it was lacking in the department. Coefficient alpha was a = .66.

Work Overtime. Three items composed this scale. They indicated the extent to which an individual reports he spends time on work-related activities outside of work. Coefficient alpha was a - .82.

Network. In this two item scale, participants indicated the extent to which they relied on a network of associates and friends in order to enhance career progression and to know what was going on in the organization. Coefficient alpha was a = .81.

Procedure

Analysis of variance was used in order to determine whether there were male, female, Mexican-American and Anglo-American differences in the career-related attitudes, experiences and strategies. In order to focus on sex and ethnic differences, covariance due to tenure in the organization, education, marital status, age, and socioeconomic background was controlled using analyses of covariance. Pearson product moment correlations among the career attitudes, experiences and strategies were also computed.

Regression analysis was used to evaluate the relationship between the career attitudes, experiences and strategies and the two measures of career progression. Separate regression analyses for the two ethnic groups were used as a first step toward identifying differences between Mexican-Americans and Anglo-Americans.

The regression equations were computed hierarchically with tenure entering the equations first. The second step included the remaining covariates: socioeconomic background, age, education, marital status, and sex. Following step two, variables were allowed to enter freely, stepwise manner, until no additional variables entered the equation. The criterion level of ten percent significance for the Beta weight was used to terminate the step-wise procedure.

RESULTS

Nine of the twenty analyses of covariance were significant at the .10 level or less (see Table 1). There was a significant difference on the career experiences variable -- guidance from others. Mexican-American males and females reported experiencing more guidance from others than either Anglo-American males or females. There were four significant differences among the variables which identified career strategies. Mexican-Americans reported greater use of the strategy of agreeing with the supervisor. On the variable, "fill work need," there was a significant difference. Mexican-American males reported using this strategy more extensively than the other three groups; Mexican-American females reported the lowest use of this strategy. The significant difference among the four groups on "work overtime" is accounted for by males reporting greater use of this strategy. Lowest use of working overtime was reported by Mexican-American females. The significant difference on the variable "network" is explained primarily by the greater usage of this strategy by Mexican-American males and the substantially reduced usage by Mexican-American females.

Among the career-related attitudes, there were significant differences on the following variables: need for achievement, job involvement, calculative involvement, and moral involvement. Mexican-American females reported the lowest need for achievement. Although the mean scores for the remaining three groups were approximately equal, Mexican-American males reported a slightly higher mean need for achievement. Males reported higher job involvement with Mexican-American males reporting the highest score. Mexican-American males also reported higher calculative organizational involvement, but Mexican-American females reported nearly the same calculative involvement. On the variable moral involvement, Mexican-American males had the highest score. Mexican-American females scored lower than the Anglos or the Mexican-American males on moral involvement.

Table 2 reports the Pearson product moment intercorrelations for the career attitudes, experiences and strategies. Coefficient alphas for the computed scales appear on the diagonal and are in parentheses.

For the most part there were positive intercorrelations among the experiences, strategies and attitudes. One noteable exception was career locus of control. On this scale a low score was indicative of an internal control orientation and a high score was indicative of an external control orientation. Being an external was generally negatively associated with the other variables. The strongest negative associations were with "supervisor's help," career experiences, and career planning. Being an external was positively associated with alienative involvement. Alienative involvement was also negatively related to several other variables. The highest negative correlations were with 'supervisor's help," "obtaining training," job involvement, and moral involvement.

Table 1
One Way Analyses of Covariance
For Career Attitudes, Experiences and Strategies
Using Sex and Ethnicity as the Independent Variable[1]

	Anglo		Mexican American			
Variable	Males	Females	Males	Females	F	p.<
Supervisor's Help	3.62	3.64	3.58	3.54	.10	N.S.
Guidance From Others	2.84	3.13	3.27	3.30	2.53	.10
Obtaining Training	3.13	3.31	3.38	3.50	.90	N.S.
Job Availability	2.76	2.88	2.58	2.85	.77	N.S.
Seeking Visibility	3.59	3.82	3.96	3.81	1.45	N.S.
Agree with Supervisor	2.36	2.39	2.79	2.77	3.49	.05
Interpersonal Attraction	1.61	1.56	1.74	1.57	.90	N.S.
Career Experiences	4.16	4.13	4.37	3.98	1.56	N.S.
Fill Work Need	4.49	4.38	4.68	3.91	6.93	.001
Work Overtime	3.29	3.03	3.26	2.49	4.90	.01
Career Locus of Control	2.03	2.04	1.93	2.14	1.16	N.S.
Need for Achievement	4.54	4.44	4.62	4.29	3.12	.05
Career Planning	4.15	4.14	4.45	4.24	1.14	N.S.
Job Involvement	3.50	3.31	3.75	3.33	2.80	.05
Family Orientation	4.26	4.37	4.11	4.40	.99	N.S.
Calculative Involvement	3.17	2.97	3.55	3.45	2.96	.05
Alienative Involvement	2.51	2.58	2.25	2.32	.98	N.S.
Moral Involvement	4.36	4.32	4.53	4.10	2.58	.10
Outside Involvements	2.26	2.34	2.66	2.40	2.09	N.S.

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[1] Numbers other than F scores and significance levels are means which are adjusted for covariance due to tenure, education, marital status, age, and socio-economic background.

N = 420

Table 2
Pearson Product Moment Correlations
For Career Attitudes, Experiences, and Strategies

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.	Supervisor's Help	(.89)[1]																		
2.	Guidance From others	.35	(.63)																	
3.	Obtaining Training	.58	.40	(.84)																
4.	Job Availability	.44	.34	.40	(.85)															
5.	Seeking Visibility	.13	.27	.18	.15	(.81)														
6.	Agree With Supervisor	.06	.22	.13	.44	.13	(.70)													
7.	Interpersonal Attraction	.23	.24	.19	.26	.17	.37	(.78)												
8.	Career Experiences	.14	.35	.21	.40	.08	.17	.13	(.81)											
9.	Fill Work Need	.13	.18	.12	.33	.05	.09	.10	.54	(.66)										
10.	Work Overtime	.04	.19	.05	.15	.06	.05	.19	.23	.34	(.82)									
11.	Network	.00	.20	.12	.39	.03	.28	.28	.34	.32	.34	(.81)								
12.	Career Locus of Control	-.33	-.21	-.26	-.17	-.13	.01	.00	-.33	-.31	-.11	-.12	(.73)							
13.	Need for Achievement	-.01	.18	.03	.35	-.03	.18	.13	.33	.42	.34	.32	-.12	(.67)						
14.	Career Planning	.19	.31	.27	.23	.09	.08	-.01	.43	.31	.05	.14	-.44	.24	(.84)					
15.	Job Involvement	.23	.24	.28	.15	.16	.12	.18	.16	.31	.41	.23	-.23	.31	.33	(.81)				
16.	Calculative Involvement	.03	.07	.11	.39	.11	.39	.14	.14	.00	-.03	.27	.01	.19	.10	.04	(.78)			
17.	Alienative Involvement	-.45	-.20	-.38	.02	-.24	.02	-.04	-.15	-.15	-.09	.00	.37	-.03	-.30	-.34	.02	(.88)		
18.	Moral Involvement	.21	.17	.23	.07	.04	.07	.08	.17	.30	.25	.13	-.22	.30	.27	.49	.02	-.44	(.88)	
19.	Outside Involvements	-.06	.09	.05	.08	-.04	.09	.11	.15	.11	.09	.11	.01	.11	.09	.05	-.01	-.01	.12	(--)[2]

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[1] Numbers in parentheses are Cronbach alphas

[2] Reliability cannot be computed for this single item measure.

r>.10; p<.05

Regression Analyses for Salary Differences

Table 3 reports the significant beta weights from all of the potential variables for Mexican-Americans with the dependent variable-salary difference. All of the covariates but sex were significant. There were four career variables which were significantly related to salary progression. Career experiences, job availability, and "work overtime" were positively related to salary differences. Calculative involvement was negatively related to salary progression. Total variance accounted for was fifty-one percent; whereas, only forty percent of the variance was explained in the similar equation for Anglo-Americans (see Table 4). The difference in explained variance was due to the additional eleven percent of the variance in salary difference being explained by the covariates for the Mexican-Americans.

In a comparison between Tables 3 and 4, the readers can see that job availability and "work overtime" had significant Beta weights in both equations. Neither career experiences nor calculative involvement was significantly related to salary progression for the Anglo-Americans; whereas "job availability," need for achievement, "agree with supervisor" and "network" were significantly associated with salary difference for the Anglos. All of the variables except for "agree with supervisor" were positively associated with the dependent variable.

Table 3

Regression of Career Strategies and Attitudes Onto Salary Difference for Mexican Americans

	Beta	F	P<	ΔR^2
Covariates:				.43
Tenure	.69	89.49	.001	
Socioeconomic Background	-.10	2.79	.10	
Age	-.20	7.43	.01	
Education	.21	11.36	.001	
Single	-.20	11.43	.001	
Male	.09	2.06	N.S.	
Main Effects:				.08
Career Experiences	.21	11.67	.001	
Job Availability	.14	5.97	.05	
Calculative Inv.	-.10	3.29	.10	
Work Overtime	.11	3.23	.10	
R^2 for Regression				.51

Table 4

Regression of Career Strategies and Attitudes Onto Salary Difference for Anglos

	Beta	*F*	*p*<	ΔR^2
Covariates:				.32
Tenure	.61	79.82	.001	
Socio Economic	-.01	.04	N.S.	
Age	-.12	3.14	.10	
Education	.06	.83	N.S.	
Single	.00	.00	N.S.	
Male	.09	2.25	N.S.	
Main Effects:				.08
Job Availability	.17	9.47	.01	
Work Overtime	.12	3.89	.05	
Need for Achievement	.10	2.62	N.S.	
Agree w/ Supervisor	-.12	4.35	.05	
Network	.11	2.78	.10	
R^2 for Regression				.40

Table 5

Regression of Career Strategies and Attitude Variables
Onto Expected Career Progression for Mexican Americans

	Beta	F	P<	ΔR^2
Covariates:				
Tenure	.01	.01	N.S.	.07
Socio Ecnomic	.08	1.59	N.S.	
Age	-.18	4.69	.05	
Education	.11	2.45	N.S.	
Single	.03	.22	N.S.	
Male	-.12	3.11	.10	
Main Effects:				.31
Career Experiences	.16	3.75	.10	
Career Planning	.17	5.26	.05	
Moral Involvement	.13	2.82	.10	
Fill Work Need	.23	7.62	.01	
Calculative Inv.	.15	5.41	.05	
Alienative Inv.	-.14	3.81	.10	
R^2 for Regression				.38

Table 6

Regression of Career Strategies and Attitudes Variables Onto Expected Career Progression for Anglos

	Beta	F	P<	ΔR²
Covariates:				.07
Tenure	-.04	.33	N.S.	
Socio Economic	.03	.31	N.S.	
Age	-.20	6.99	.01	
Education	.06	.80	N.S.	
Single	.06	.77	N.S.	
Male	-.07	1.10	N.S.	
Main Effects:				.21
Moral Inv.	.24	11.13	.001	
Career Experiences	.27	18.67	.001	
Work Overtime	.18	7.61	.01	
R^2 for Regression				.28

Regression Analyses for Expected Career Progression

From Table 5, the reader can see that only the covariates age and sex were significantly associated with expected future career progression for Mexican-Americans. There were six significant main effects: career experiences, career planning, moral involvement, "fill work need," calculative involvement, and alienative involvement. All but alienative involvement were positively associated with expected career progress. The main effects alone accounted for thirty-one percent of the variance in expected career progression for Mexican-Americans; whereas the main effects accounted for twenty-one percent of the variance in expected career progress for Anglos (see Table 6).

In Table 6 one can see that the only significant covariate was age among the Anglo participants. The three significant main effects were moral involvement, career experiences, and "work overtime." The three were positively associated with expected career progression for Anglos. Only "work overtime" was not common with the significant variables in the equation for Mexican-American participants. From a comparison between Tables 5 and 6, one can also see that four of the significant main effects for the Mexican-Americans (career planning, "fill work need," calculative involvement, and alienative involvement) were not included in the regression equation for Anglo-American participants.

DISCUSSION

Results from the one way analyses of covariance clearly identified much greater distinctions between male and female Mexican-Americans than were identified between male and female Anglo-Americans. In five of the ten significant differences ("fill work need," "work overtime," "network," need for achievement, and job involvement) Mexican-American males indicated that they were much greater users of the strategy or that they more strongly held the attitude than did Mexican-American females.

Such a distinction between Mexican-American males and females lends support to the cultural stereotype of traditional, rigid sex-role distinctions existing between males and females of this subculture (Montiel, 1973; Sotomayor, 1971). The difference between Mexican-American males and females on the need for achievement is consistent with Ramirez and Price-Williams' (1976) findings concerning need for achievement in fourth graders in Houston, Texas, as well.

Mexican-Americans employed the ingratiation tactic, "agree with supervisor," to a greater extent than Anglo-Americans. This strategy employs the showing of agreement behavior when, in fact, the person may disagree. This strategy is more openly manipulative than some of the other strategies in this study, and its greater employment by Mexican-Americans is consistent with their level of calculative involvement which was higher than that for Anglo-Americans.

In comparing the four sex-ethnic groups, Mexican-American females tended to employ any of the strategies to a lesser extent than the other three groups. This was true with regard to "agree with supervisor," "fill work need," "work overtime," and "network." In addition to the Mexican-American females' lower need for achievement, they also expressed less moral involvement than the other three groups.

Results from the regression analyses will be discussed from two perspectives. First, a comparison will be made between the results for Mexican Americans and Anglo-Americans. Then differences between the prediction of salary difference and expected career progression will be considered for each ethnic group.

Several differences existed between Anglo-Americans and Mexican-Americans with regard to the relationships between the career experiences, strategies, attitudes and salary progression. Only the career strategy, "work overtime," was significant in both equations. For Mexican-Americans, salary difference was related to career experiences, job availability, and calculative involvement in addition to "work overtime." Mexican-Americans reported a higher level of calculative involvement than Anglos, and it appears that calculative involvement limited salary progression for them. Interestingly, Mexican-Americans also reported greater usage of the strategy, "agree with supervisor"; however, it did not significantly impact salary difference for them. However, it significantly limited salary progression for Anglo-Americans.

In addition, to "agree with supervisor" and "work overtime," the following variables were significantly associated with salary difference for Anglo-Americans: job availability, need for achievement, and "network." Whereas Mexican-Americans are typically characterized as more affiliative than Anglos and therefore more likely to depend upon a network of associates, dependence on this strategy was significantly related to salary progress only for Anglos. Interestingly, while Mexican-Americans and Anglo-Americans appear to have successfully employed quite different strategies and maintained quite different attitudes, the amount of variance accounted for in salary difference was approximately the same for both ethnic groups.

We were able to do a comparatively better job in explaining expected career progression for Mexican-Americans than for Anglo-Americans. The resultant regression equation explained 38 percent of the variance in expected career progression for Mexican-Americans and 28 percent of the variance for Anglo-Americans.

Moral involvement and career experiences were common to the explanation of expected career progression for both Mexican-Americans and Anglo-Americans. Additionally, for Anglos, the strategy of working overtime was positively associated with expected career progress. These three variables were the only ones significantly related to career progress for Anglos.

On the other hand, four other variables were associated with expected career progression for Mexican-Americans: alienative involvement, calculative involvement, "fill work need," and career planning. It is understandable why alienative involvement is negatively associated with expected career progress in the organization. The alienatively involved employee is unlikely to expect that the reward system (progress) will reinforce his or her behavior and attitude. However, calculative involvement cannot be explained so easily. Perhaps there is a complex relationship which is being masked here. The calculatively involved person who expects to make heavy investments may also expect to make greater progress.

"Fill work need" was significantly different across the four sex-ethnic groups. It was used most extensively by Mexican-American males and least extensively by Mexican-American females. There was little difference between Anglo-American males and females. Perhaps the difference between male and female Mexican-Americans on expected career progression explains the importance of the variable for this ethnic group. This seems logical when one considers that the Mexican-American males expected much more career progress than the Mexican-American females in this study.

The final variable which was significantly associated with expected career progression for Mexican-Americans was career planning. Gould (1979a) had previously shown that career planning was associated with career effectiveness variables. He had also hypothesized that certain groups would exhibit more career planning than other groups. While the groups which he studied did not exhibit differential employment of career planning, the finding in this study does support a potentially moderated relationship between career planning and effectiveness. Career planning was related to expected career progression for Mexican-Americans, but not for Anglo-Americans.

Let us now turn to distinctions in the prediction of salary difference and expected career progression for each ethnic group. For Mexican-Americans, there were two variables which were common to the explanation of both salary difference and expected career progression: calculative involvement and career experiences. For Anglo-Americans only the variable, "work overtime," was common to the explanation of both salary difference and expected career progress. To some extent one's expectations appear to be explained differently from one's salary progress. This is no surprise. Salary progress depends upon organizational variables which are to some extent beyond the individual's control.

CONCLUSION

This study has begun the investigation of differences in attitudes and career strategies as they are differentially related to career progress for Mexican-Americans and Anglo-Americans. This study has also taken a needed step toward the clarification of the strategies which are related to career progress. It has continued the investigation of the relationship between career progress and attitudes. As a preliminary investigation, it offers not only some insight into differences in career progress between Mexican-Americans and Anglo-Americans, it also promises to be an area of research which will be rich in its implications for understanding careers and facilitating the development of careers.

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SPECIAL NEEDS OF HISPANIC BUSINESS STUDENTS: TEACHING METHODOLOGIES TO DEVELOP SOCIAL SKILLS

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Interpersonal skills, in particular membership skills, are universally recognized as important for managers. This paper discusses why Hispanic students may need help in developing these skills, reviews relevant literature on college students' development and committee processes, suggests pedagogical tools for teaching these skills, and briefly reports on experiments employing these tools. Many business educators train both Hispanic and non-Hispanic students. This paper discusses teaching methodologies that can meet the needs of Hispanic and non-Hispanic students.

Interpersonal skills, in particular, committee membership skills, are universally recognized as important - in fact, as determinants of success - for managers.[2] It is clearly important, then, for business schools to make certain that graduates are equipped with these skills. Many Hispanic students do not have opportunities to learn these skills outside the classroom. The teaching methods used in traditional business courses may be used to provide opportunities to learn these skills in class.

HISPANIC STUDENTS MAY NEED SPECIAL HELP IN LEARNING SOCIAL AND COMMITTEE SKILLS FOR BUSINESS

Socialization into a culture invariably prepares persons for the types of roles typical of members of that culture. Inevitably, students' personalities are molded in accord with the experiences and expectations of their families and peers. Those students who have not been socialized to become business managers may need special learning and re-learning opportunities.

There is also some evidence to suggest that students whose native language is not English may have different thought and communication patterns. Even those articulate in English may need special socialization opportunities for learning how members of majority cultures think and use language.

National statistics clearly indicate that Hispanic students are more likely than non-minority students to come from lower- and working-class backgrounds. In 1978, 30.1% of white males and 22.4% of white females employed in the U.S. civilian work force were white collar "professional, technical and kindred workers" or "managers and administrators' [U.S. Dept. of Labor].

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2. For example, Loren B. Belker devotes an entire chapter of the First Time Manager, Amacon, N.Y., 1978, to "Managing, Participating in, and Leading Meetings."

In 1970 only 9.9% of all Mexican-Americans (males and females combined) were in the same categories. Among Puerto Ricans in 1969, 7.6% of males and 8.2% of females held jobs in these categories. [Sowell, 1978, P.375,387]. Given the higher rates of unemployment and larger family sizes of Hispanic groups, at least twice as many Hispanic students have parents who are not managers or professionals, and hence, are not exposed to many of the roles managers play.

The world of managers and professionals is, then "foreign territory" to a disproportionately high number of Hispanic male and female business students. This unfamiliarity most likely means these students are inexperienced in some important roles and skills which hinder their development of self-confidence and their willingness to agressively participate in business organizations. "Unless people not only are, but believe that they are equally able or competent to compete, they will not willingly or successfully integrate themselves with more powerful individuals and groups " [Hennig and Jardin, 1976, P.14].

Hennig and Jardin discuss and document differences between men's and women's self-perceptions and self-confidence. Differences in interpersonal skills are shown to hamper women's confidence and job performance as managers. It seems likely that Hispanic individuals suffer similar disadvantages as managers. Hispanics may not be comfortable or accepted as contributors or leaders of business committees dominated by Anglo men. In an experiment with 156 college students in four-person teams, Webber found that Anglo-American males, three per team, consistently claimed to be and were preceived as holding leadership in the task-oriented groups. "They perceived all minorities as generally following and contributing relatively little. In turn, most minority members did not claim leadership. Those few that did strive for leadership were usually rejected " [Webber, 1974, P.873]. The minorities in this study included American women, American blacks, and foreign Hispanics. (This study by Webber is further analyzed later in this paper.)

Students socialized in Hispanic cultures may have different expectations and experiences in small task-oriented groups or committees. Juralewicz studied the effects of different structures of group participation in decision-making in a factory in Puerto Rico, compared his results to those of Norwegian and American experiments, and concluded that the effect of group processes "appears to vary from country to country depending on cultural traits " [Juralewicz, 1974, P.636].

WHAT GUIDANCE CAN EXISTING KNOWLEDGE AND THEORY OFFER THOSE CONCERNED ABOUT CORRECTING THESE DISADVANTAGES?

Current theory on group and committee process and theory on the development of college students is generally based on studies of Anglo-Americans, usually males. These students constitute a majority of most business students, however, and innovations in teaching methods are thus attuned to

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See, for example, Loraine Obler and Martin Albert, The Bilingual Brain, 1978.

the needs of Anglo-American males. In the absence of evidence about the development of Hispanic and other types of students, we can develop theory-based teaching methods to serve Anglo-American males and try to predict and/or monitor the reactions of other students.

A review of theoretical work is offered here as a partial guide to the identification of instructional methods which meet the needs of all business students. Although these studies purport to address the needs of "college students" or "participants of groups" as collectivities, their work cannot be unquestioningly or confidently generalized to Hispanics, women, and other minority students.

Scholarly study of the development of college students has begun to come into its own in the past decade. William Perry, championing those who believe students develop by progressing unevenly from stage to stage, identified several stages of development and "non-development" in college students. Although Perry's model examines intellectual growth primarily - and not how interpersonal skills are gained - he claims that his work "confirms the desirability of cultural diversity (of student contacts) while pointing toward ways of identifying and supporting those most vulnerable to cultural shock" [Perry, 1968, P.209]. Also, he notes that it greatly helps students to see - and be similarly seen by - others as groping toward the ability to rely on their competence to form opinions and "commitments" or faith in hypotheses [Perry, 1968, P.213]. Opportunities for work in small groups can thus be intellectually and socially beneficial.

Building on Perry's work, more specifically prescriptive developmental models have been constructed. Knefelkamp and Slepitza, for example, have created such a model of the qualitative changes which occur as college students mature. They found the ability to take on new roles to be an important aspect of students' development [Knefelkamp in Parker, 1978, P.137-8]. They imply, however, that students can be expected to tackle new roles only after mastering several other developmental stages, including the ability to process information from a personal perspective, analyze and synthesize this information, be open to alternatives, and assume responsibility for their own opinions and actions [Knefelkamp in Parker, 1978]. Ideally, business education must offer opportunities and encouragement for development of all these aspects of learning and competency - as prerequisites to the acquisition of committee membership skills.

A competing view of the development of college students depicts student progress as more linear, as students develop different aspects of maturity and competence at varying rates. While students may appear to progress through stages, this is "more likely the result of societal or educational demands for certain types of adaptations at different periods in one's life " [Heath in Parker, 1978, P.67].

Heath, a leading theorist of the more continuous developmental school, reports that his "research and teaching experience suggest that cognitive maturation in college may be best facilitated by high motivational involvement and faculty expectations, extensive modeling of alternatives, and close monitoring of very frequent student activities requiring the special cognitive skills being assessed, with frequent detailed feedback about progress " [Heath in Parker, 1978, P.69]. Heath essentially feels that development is best furthered by course work which changes the classroom environment in ways which require new adaptations of behavior and thought, or disorganizes students while minimizing confusion. Also, he notes that as students find new ways of coping, they need opportunities to repeat and internalize these new behaviors. [Heath in Parker, 1978, P.209].

Group Process Theory

In the mid-1940's psychologists laid claim to the study of group processes, the developing fields of experimental and experiential group psychology. Much of this work, especially the experiential studies, was conducted in industrial or other economic task-centered organizations. Since the 1940's, the major portion of research and theory building has studied the development of interpersonal skills within group processes.[1] Most early studies concerned with cognitive process, however, tended to place primary emphasis on measurement of social-emotional satisfaction. Scholars from a variety of disciplines have only recently begun the task of collecting data and building theory on the processes of effective cognitive and task-specific learning in groups. For example, work in effectiveness groups, which are primarily teaching "effective use of self" in task accomplishment, has been developed by Argyris and Schon [1974] in the area of education and organization development.

In a study which examined several possible determinants of success in problem-solving, Bouchard concluded "there is no question that interpersonal effectiveness is a powerful predictor of problem-solving effectiveness in small groups " [Bouchard, 1969, P.24-25]. Social ability was also found to predict success in small groups. Students' interpersonal effectiveness and social ability are, of course, related to their socialization experiences.

Psychologists and researchers have realized for decades that interpersonal effectiveness is more than a question of an individual's skills. Informal groups ascribe informal leadership to a high status regular drawn from the majority faction. "Various others who differ in important respects are assigned low status, marginal or deviant membership on the group fringe." [Dalton, 1955, P.974]. "The problem for the minority member is that the majority may perceive him or her according to a stereotype." [Webber, 1974, P.874]. Other recent literature, however, suggests that group processes need not perpetuate stereotypes and can, over time, benefit all participants. For example, Thelen discusses roles played within task-oriented groups. Within a group, if norms and roles conflict, those of the higher status persons prevail [Thelen, 1970]. Over time, however, with repeated interaction these norms become mutual agreements - eventually open to change and revision by all group members. Through varied group experiences, all students can learn new ways of perceiving and assessing their own status, learn about others' role expectations, and learn how rewards are gained, status is earned, and how their own role-playing is malfunctional. Task-focused interaction with white males can encourage women and minority group members to begin to learn the ins and outs of the business world - their future business colleagues will be the whites males they sit with in business classes.

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[1] Mountains of literature deal with T-groups, encounter groups, and gestalt groups, for example.

This brief mention of group process work cannot pretend to be comprehensive. It is included here to demonstrate that there is a body of research that could be helpful in teaching committee membership skills and roles to business students, including Hispanic students. The literature briefly reviewed here suggests that business education can prepare students for business committee membership roles by:

1) Encouraging task-oriented and social interaction among students with different backgrounds and ideas, especially within small group activities.

2) Offering a diversity of classroom environments and activities.

3) Offering repeated opportunities to practice new skills and behavior with feedback.

4) Allow class participation at a variety of levels, accommodating the different stages or degrees of development students have attained.

A CONTEXT FOR TEACHING METHODOLOGIES: EDUCATORS' EXPECTATIONS AND BEHAVIOR

Perry's school of thought, based on stages of development, suggests that educators must identify and support students' efforts to master new intellectual (and social) roles. The continuous developmental model, championed by Heath, places much importance on faculty expectations. An examination of the factors influencing faculty behavior is, then, relevant to any attempt to prescribe teaching methodologies.

The research of many scholars suggests that the structure of the educational system significantly affects instructors' attitudes, expectations, and behavior. Michael Lipsky, for example, makes several observations about the behavior of primary and secondary-level educators which apply equally well to college-level business educators.

> "The teacher who psychologically abandons his or her aspirations to help children read may succumb to a private assessment of the status quo in education. But this compromise says nothing about the potential of individual children to learn, or the capacity of the teacher to instruct. It is the system of schooling, the organization of the schooling bureaucracy, that teaches that children are dull or unmotivated, and that teachers must abandon their public commitment to educate." [Lipsky, 1980, P.xiii.]

Many aspects of the structure of the typical college-level business school encourage faculty to abandon commitments to aiding in the social development of students, particularly Hispanic students:

Social skills do not appear in the business curriculum; indeed, many students are not even required to take courses in sociology or psychology which might help them recognize the pervasive influence of socialization and cultural background. And, of course, university and college structure isolate business educators from sociologists and psychologists.

Measures of faculty performance do not include explicit recognition of the importance of teaching social skills. For example, students' scores on statistics or accounting exams tend to measure mastery of technical skills only; multiple choice and essay exams in management courses commonly measure students' mastery of written literature and writing skills.

Measures of departmental quality are still further removed from measurement of students' social skills acquired through course work. Graduates' scores on standardized tests such as the CPA exam and the GMAT are unrelated to social skills. Graduates' later performance is undoubtedly affected by social skills, but the typical survey of alumni positions and salaries fails to disclose the role of social skills in alumni success (or failure).

The ways in which faculty are hired and promoted similarly fail to encourage interest in teaching social skills. Faculty are hired because they have demonstrated their interest and competence in a particular type of business skill; mastery of social skills is clearly secondary. Faculty are promoted on the basis of publications and/or evaluations of students or other educators who do not expect them to teach social skills. Business college educators may be ill-prepared to model social skills needed for business, much less to teach them.

Faculty may also be expected to act in ways that reflect personal biases, often incorporating the biases of the large society [Lipsky, 1980, P.111-116]. Even if most students' personal development propels them through the mastery of social skills without helpful classroom experience, Hispanic students may be implicitly stereotyped or rewarded for failing to experiment with new interpersonal and small group roles. "Unsanctioned, persistent differentiation (in this case among students) is supported by the racism and prejudices that promote the society and are grounded in the structure of inequality " [Lipsky, 1980, P.115].

Teaching methodologies must, to be accepted by faculty, be evaluated with respect to these influences on faculty behavior. The acceptable pedagogical tool should ideally:

1) Not require explicit modelling of social skills by the course instructor.

2) Reasonably promise to result in adequate student scores on exams testing mastery of the substantive concepts or skills normally taught in business college courses.

3) Maximize opportunities for all students to experiment with social roles with feedback from peers, as well as the instructor; minimize the instructors' responsibility for recognizing how his/her biases affect students' opportunities for experimentation with social roles.

4) Allow the instructor to measure social skill learning.

In terms of improving faculty-student relationships and the learning environment of the classroom in the long-term, an ideal teaching method would also help faculty identify inappropriate biases and expectations for some types of students and improve the instructor's understanding of social skills, enhancing his/her ability to model behavior and recognize students' needs for help in learning social skills.

EVALUATION OF SOME TOOLS FOR TEACHING SOCIAL AND COMMITTEE SKILLS

Traditional Case Method

Many business schools have incorporated a "case approach" in business courses. Students read a description of a situation facing a decision-maker, and class time is used for discussion of what the decision-maker could or should do. Generally, the entire class is expected to contribute to an unstructured discussion, and students compete for instructor and peer approval of the comments they volunteer. From my own experience, observations, and research, however, I have concluded the straight case approach often seems to accentuate, rather than ameliorate, differences between the social and intellectual performance of white males and women and minority business students.

I do not hold this opinion alone. Reporting on women's participation in M.B.A. classes at Harvard, Henning and Jardin say that, "many women found it hard to participate in class as fully as the case method of teaching required. This was as much because of their doubts as to whether they could or even wanted to compete with the men in the class, as it was due to the responses they received when they did participate " [Henning and Jardin, 1976, P.22-23]. Henning and Jardin's comment implies that interaction along ethnic lines is probably hindered rather than facilitated in case classes.

Stead and Shin also cite similar problems in seminar-and case-oriented courses: "There always seems to be a relatively small number of students who usually dominate class discussions...(and) there are always some students who are inherently quiet or shy even when they have good points to add to the discussion " [Stead and Shin, 1979, P.9]. Feedback and role experimentation in case courses is provided, then, primarily to the dominating students.

The author and several colleagues at Corpus Christi State University have noted the reluctance of Mexican-American students to voluntarily participate in unstructured class discussions. Several conscientious students were likely to offer insightful comments about class discussion in informal discussions with instructors after class, but did not speak in latter classes, despite explicit encouragement to do so.

Hispanic students might be expected to be uncomfortable in entire-class case discussions for several reasons: Literature comparing the behavior of Mexican-American and Anglo-American students reports that Anglo-American children are more competitive and that this difference is more pronounced in older children [Kagan and Madsen, 1971]. Mexican-American college students might dislike the competition for class attention and recognition of traditional case methodologies or may fear that competitive behavior will be viewed as inappropriate by Mexican-American classmates. Some Hispanic students may also hesitate to speak in class for fear that their nonstandard grammar and accent will be ridiculed [Spalding, 1970]. These students may be unwilling to speak in large groups of students whose reactions and attitudes are unknown.

Small Group Methods

Several variants of the case approach have incorporated the use of small groups in class discussion. These small group methods offer several advantages; most importantly, perhaps, students who are uncomfortable speaking in large classes are given opportunities to "practice" speaking in less threatening, smaller groups. Committee skills may also be learned; the small group more accurately resembles the types of management teams many business students will work in after finishing school.

In classes containing a mix of students, the socialization process of small group discussion can benefit everyone. Hispanics and majority-culture women are given opportunities to act as colleagues of majority-culture males. Anglo men who are socially isolated from most such contacts are encouraged to develop broader socialization skills also.

Unlike a more typical case pedagogy, small group exercises allow the instructor many tools with which to shape and encourage active participation of all students. The instructor may structure the make-up of groups to ensure interaction among diverse types of students or group students according to ability, allowing each group to progress at its own pace. The instructor may monitor group processes, encouraging all students to participate and, possibly, grading each group on its success in involving all group members. Roles can be assigned within each group.

a) Unstructured Small Group Methods

Several small group techniques have been developed and used in business classes [Stead and Shin, 1979]. Most are unstructured in the sense that a problem is presented to the group, but the group is expected to manage its own group processes and is free to pursue any problem-solving approach.

Using an unstructured small group method, Webber assigned students to four-person teams, each with three Anglo-American males. The fourth group member was Anglo-American female, Black female, foreign Hispanic male, or some other type of foreign student. Group leaders, as perceived by group members, were Anglo-American males. Minority members (including the females) were perceived by the Anglo-American males as followers and were thought to contribute little to the groups. The minority members did not perceive themselves as leaders, although some did not perceive their contribution to the group to be as marginal as the Anglo-American males described it [Webber, 1974].

Webber reports that the 156 students worked on cases, were given no instructions, and handed in group reports. The group grade became the grade awarded each group member. Individual students were neither penalized nor rewarded through course grades for their contribution to the group.

Webber held unstructured interviews with each group and reports that "the majority (American white males) seemed to expect minority non-conformance (not attending meetings, arriving late and unprepared, or not sharing equally in work) and perhaps even to prefer it." Perhaps the unstructured nature of the group task contributed to early exclusion of minorities, possibly explaining the stereotypically passive behavior of females and the non-participation characteristic of Latin American males in the study [Webber, P.881-884]. Perhaps, also, the threat of the group grade inhibited the American white males' willingness to be flexible enough to allow participation of the minority students, whose behavior might be difficult for majority-culture individuals to predict.

b) Guided Design

Another small group pedagogical tool, Guided Design, was developed for engineering students by Charles E. Wales and Robert Stager [Wales and Stager, 1978]. The Guided Design format attempts to reduce the emphasis on competition, replacing it with incentives for cooperation in task completion. Not only is this likely to be more palatable to many women and minority students, it may well be more representative of the business climate these students will enter. Guided Design revolves around small groups' efforts to solve a structured series of small problems within the context of a single case situation. "Student groups must deal with each step in order and are not permitted to progress to a new step until they have adequately considered and dealt with the preceding one. "Students work in class groups of four to seven members , and it is as a group that they formulate their plan for tackling each step " [Wales and Stager, 1978, P.1.1]. Feedback is provided as each task is completed.

Because problem-solving is broken down in separate but logical steps, students have more opportunity to ask questions and fully understand each step in the problem-solving process of the case. When classes contain students with varying degrees of preparation and ability, a Guided Design format assists the instructor in controlling the pace of class progress. Tutoring that occurs within the groups potentially benefits all students involved.

> "It (Guided Design) is based on the conviction that the student who works through an ascending order of well designed problems, the student who is actively seeking solutions to problems rather than passively assimilating knowledge, will emerge not only better educated but far stronger intellectually." [Wales and Stager, 1978, P.1.1.]

For students whose life experiences have not provided many models of unsupervised, skill-based problem solving in work situations, this can be a valuable tool for motivating thorough learning of the subject matter. Rather than being a gimmick which distracts students from the subject of the course, Guided Design provides opportunities for practice and immediate feedback on problem-solving success within the subject matter of the case used.

I conducted a small experiment with Guided Design in business statistics classes which included twenty-six students; sixteen Anglos, four Chicanos, three Chicanas, two black Americans, and one foreign Chinese student. The study conditions and results are reported in another paper [Madsen Munoz, 1981] and will only be summarized here.

Students were assigned to groups, maximizing minority/Anglo and male/female diversity. Grades were awarded on the basis of individual papers that described or analyzed the work completed by the group. Group leaders were not assigned. Groups were required, however, to reach apparent agreement on the solution to each task before progressing to the next task.

The small sample does not permit firm conclusions, but the results can guide the formulation of hypotheses:

On a questionnaire filled out before the groups were formed Chicanas reported having experience with the least number of group roles, particularly as "idea presenters" and "objectors." Chicanos reported experience with more roles, but fewer than Anglo males. The Chicanos were, however, more experienced as "decision-makers."

Although they claimed to be experienced as "decision-makers," this was a role that three of the four Hispanic males indicated they wanted to practice in class. Male Anglos and female Hispanics felt the need to learn the largest numbers of new roles; Hispanic males the fewest. A tentative explanation is that male Anglos are more aware of the importance of being able to play several roles in committees and groups, and female Hispanics feel least prepared to function in small groups.

The roles a majority of students wanted to practice were "idea presenter" and "idea evaluator," skills which only a few students practice in a more traditional entire-class case format. Less than ten percent of the students wanted to be non-participants.

Students also filled out a post-exercise questionnaire on the roles they had played during class. Seven, or 50%, of the instances of experimentation with new group roles was done by Hispanics (27% of the total sample). Five of these involved Hispanic women, two were experiments of Hispanic men. Hispanics were, however, most likely to set goals for learning roles which they did not achieve. Eight of the eleven instances of this involved Hispanics. Only three of these involved Hispanic males, but these men set fewer goals for themselves.

Of the entire group of students, about 15% found the exercise a very helpful way of learning roles, 58% thought it was somewhat helpful, and 27% felt it was not good for role-learning. Sex differences in assessment were minimal, but Hispanic males were decidedly more negative and Anglo males were somewhat more positive than females about the exercise as a tool for learning group skills. Male Hispanics' lower goals for role-learning may explain their negative view of role-learning in the Guided Design exercise, but it may also be true that this class format is not helpful to this group.

Guided Design was, on the basis of this small sample, assessed as effective for teaching statistics and group roles. Later performance on an objective exam on the topics covered in the case was generally typical and individual exercise-related papers submitted by students were, in the author's judgment, unusually good. Social interaction among class participants was clearly altered. Informal socializing before and after class increased greatly and crossed sex and ethnic lines more than was previously typical. This was noted by the author and several students.

Hispanics' performance in this experiment cannot be directly compared to Webber's experimental results; his experiment included only foreign Hispanic males and measured group members' perceptions rather than self-reported goal achievement. Very small samples of Hispanic males also prohibit definitive conclusions. Tentatively comparing his results to mine, however, suggests a pattern of Hispanic male withdrawal from small groups in class. It could also be hypothesized that male Hispanic students are reluctant to participate in groups when they do not believe they will be allowed to make decisions for the group.

In a study of the attitudes of Anglo-American and Mexican-American college students, Ramirez found Mexican-American students to value obedience and respect for authority more highly than the Anglo-Americans [Ramirez, 1967]. He interpreted his results as suggesting that Mexican-American students have conflicting attitudes about their rights to equal participation, adherence to the status quo, exclusion from leadership and, in some cases, participation in situations dominated by Anglos. These conflicting attitudes might explain Hispanic males' preferences to withdraw from small groups in class. A study of "Americanizing" Puerto Ricans also describes difficulties in adapting to poorly defined social roles [Fernanado-Marina, 1958].

Fernandez-Marina also found confused, resentful attitudes toward authority [Fernandez-Marina, 1958]. Hispanic males' respect for authority may include a predisposition to view themselves as either the "authority" or the "subject." If Hispanic males view group participation in terms of these polar extremes, withdrawal from groups including Anglo males (not easily dominated) would be expected. This hypothesis could also explain Chicanos' lack of interest in learning group roles other than "decision-makers;" all other group roles may be viewed as cooperation with Anglo domination.

If these hypotheses are true, business faculty should make special efforts to provide models of behavior which is neither domination nor submission and to identify teaching methods that encourage male Hispanic students to develop new social skills for business. Anglo males and female students do not share Hispanic males' behavior patterns and, in work situations, this behavior may well reinforce the social stereotype of the unmotivated or underachieving Hispanic male.

Chicanas took advantage of the opportunties to experiment with new roles in the Guided Design exercise, although these same women had not previously participated in class discussions. Research that can determine whether this behavior is typical and explain why these reactions occurred is needed. A tentative hypothesis for investigation can also be developed from the literature on Hispanic cultural values:

Ramirez found that Chicanas valued conformity and submission to authority even more highly than Chicanos. But Hispanic females, unlike Hispanic males, are not socialized to expect to play overtly dominating roles, and, in fact, may value opportunities to play cooperative roles [Stevens, 1973]. It might be expected, then, that Hispanic females would participate actively in small group situations that minimize intra-group competition and confusion about group tasks. The structure of Guided Design's clearly defined tasks and/or assignment to clearly-defined responsibilities as group members may encourage Hispanic females to experiment with a variety of group roles, in the spirit of cooperation.

Individualized Case Information Methods

Another variant of the small group task-oriented exercise, for want of a formalized label, will be referred to as the "individualized case information" method. The American Hospital Association has developed this type of case exercise, used to train hospital employees to participate in decisinns about purchases of medical equipment. Participants (or students) are divided into groups, assigned to assume the identity of a particular individual involved in the case and given case materials summarizing the information available to that individual. The groups are then instructed to analyze an issue but warned that each group member has exclusive access to some relevant information.

The performance of Hispanics or other minority individuals in "individualized case information" classes has not been studied. This method would appear to offer some solutions to the problem of Hispanic male withdrawal or non-participation, while offering the other benefits of small group teaching methods. The individualized information case method may meet the hypothesized special needs of Hispanic females for structured interaction and cooperation. The group, regardless of its make-up, faces incentives to involve all members; Hispanic males need not doubt that they will be listened to carefully, at least when they offer information.

If a group grade were awarded, other group members might be more willing to encourage male Hispanics to feel accepted as group members and to experiment with more group roles. The significance of awarding grades based on the quality of a group report vs. grades based on individual reports is unclear. The need for additional research is apparent.

Committee membership and social skills are important to later success in business, and business colleges could use innovative teaching methods to teach these skills in traditional business cirricula. Hispanic students may need special opportunities to learn social and committee skills, and teaching materials which can meet these students needs should be developed and tested. Traditional case formats, unstructured small group techniques, Guided Design, and individualized case information methods have been discussed, and the individualized case information method is suggested as the pedagogical tool most likely to meet the needs of male and female Hispanic students. In conclusion, it should also be noted that any small group teaching method which effectively increases Hispanic participation and learning may be expected to change the attitudes of Anglo students toward Hispanic students, as well as faculty members' opinions and expectations.

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PANEL

"PROBLEMS AND OPPORTUNITIES FACING THE PROFESSIONAL HISPANIC WOMAN"

Chairperson: Ms. María del Carmen Cabrera, JD[1]
Cook County Assistant State's Attorney

Panel Members:

- Ms. Consuelo Bedoya, JD. Treasurer of the Chicago Latin American Bar Association
- Ms. Rosemary Bombella, Assistant Director of Personnel, State of Illinois
- Ms. Angeles Eames, Assistant Dean of Students, Loyola University
- Ms. Nancy Gutiérrez, President of the National Hispanic Conference on High Technology
- Ms. Laurina McNeilly, Office of Intergovernmental Affairs, City of Chicago
- Ms. Martha Rodríguez-Robbin, Treasurer Cano Tool and Die Co.

Approximately forty persons attended this round table. Among these were, an author of a book, a newspaper reporter from the New York Times, University professors and counsellors, students, business owners, one doctor, several attorneys, several businessmen and women, several government employees. There were both Hispanics and Anglo-American individuals, however there were more Hispanics. Slightly more than half of those in the audience were women.

In this round table we explored the problems and opportunities facing the professional Hispanic woman in the United States.

In considering this issue the first idea which was discussed was whether the problems facing the Hispanic woman differ from those facing the Anglo white woman. This question, brought a very animated discussion both from the audience, as well as the panelists. It was suggested that women in general, face problems in the professional fields, however, Latin women, are double minorities and therefore face more difficult problems. One problem is that of perception by one's peers, by one's self and by one's family. In terms of one's peers, in order to be considered equal, a Hispanic woman is expected to perform better than others. She is more scrutinized. In the corporate world, the "latina" is expected to know everything that is happening in the Latin community whereas her Anglo counterpart need not be aware of such activities. In terms of self perception, the Hispanic woman is influenced by her family and her community. The attitudes of the family that boys should be encouraged to study and girls were encouraged to have children was seen as prevalent within the Hispanic community. The Hispanic woman is expected to be more nurturing, more understanding and more sympathetic, whereas the Hispanic man is not expected to be as considerate and family oriented.

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Several recommendations came out of this discussion in this regard. One of the most insightful of these was a comment by one of the panelists. Quoting her grandmother she said in order to be successful in the professional world the Hispanic woman must ". . . think like a man, look like a woman, and work like a dog." A great degree of importance was placed on the effect that parents and counsellors have on Hispanic women. These individuals must encourage and motivate their daughters and students to be competitive.

The panel also discussed problems in climbing the corporate and professional ladders. One of the difficulties facing professional women is that managers for the most part, belong to a different age group. This adds an additional obstacle for the woman to be accepted. Most of these individuals are generally not used to dealing with women, and with Latins as peers. One must get to know one's peers both on a personal as well as a professional basis and insist on being considered an equal.

The most important qualities recognized by the professional Hispanic women are motivation, high degree of determination and self esteem. In order to achieve this, Hispanic women must network. They must meet other women in similar situations as well as help younger women with encouragement, with contacts and by serving as role models for such women.

This round table ended in a very positive note in which the idea of helping and serving ("networking") each other seemed to be the most helpful idea, an idea which we are putting into practice.

PANEL
(Outline Only)

"AUTONOMOUS ACTION VERSUS AFFIRMATIVE ACTION: CAPITALIZING ON CAREER OPPORTUNITIES FOR HISPANICS IN THE JOB MARKET"

Chairperson: Mr. José Gutiérrez, DHHS, Office of Civil Rights, Chicago

Panel Members:

- Ms. Sarina Bellmann, Urban Affairs Director, Illinois Bell Telephone Co.
- Mr. Stanley Birstein, E.E.O. Officer, Quaker Oats
- Mr. Robert Flinn, Executive Officer, Job Search Network
- Mr. José González, Personnel Director, U.S. Office of Personnel Management
- Mr. Celso Moreno, Deputy Director, Minority Business Development Agency
- Mr. Rubén Nazario, Planning Associate, United Way
- Mr. Robert A. Phillip, Director, National Office of Program Development, Job Corps
- Mr. Carlos Ponce, College of Relations and Executive Development, Continental Illinois National Bank

SUBJECT MATTER:

Public opinion has become increasingly hostile to affirmative action. Concurrently, the post war baby boom generation has grown into its thirties thereby crowding paths of access to managerial and professional positions. As the Wall Street Journal reports, leading demographers predict that persons born between 1945 and 1964 can expect the 1980's to be a decade of scarce promotions, frustrated expectations, and job hopping. Meanwhile, in both the private and public sectors of the economy, Latin Americans remain underrepresented among those managerial and administrative structures that resolve the issues of corporate and collective life. At a period in history when the employment potential of the public sector shrinks, and the resiliency of the private sector to affirmative action grows, can Hispanic Americans initiate autonomous action to capitalize on managerial, professional, and technical work opportunities in the job market?

ISSUES:

- Of what practical use would it be to systematize interaction between Hispanic managerial, professional, or technical talent on the one hand, and the talent scouts of the private and public sectors on the other?

- Can it be held that both national and multinational organizations contain natural markets for Hispanic executive and managerial talent characterized by bilingual capabilities and bicultural perspectives?

- If such natural markets do exist, what systems could Hispanics design to facilitate greater collective access to those markets?

- How feasible would it be to establish computerized Hispanic talent banks capable of matching potential applicants with actual employment opportunities on a regional, or national basis?

- Would it be worthwhile to organize a task force to (a) idenify Hispanic organizations which can serve as clearinghouses for job information from employers; (b) persuade employers to funnel information management and management intern positions to the clearinghouses; (c) improve the effectiveness of the clearinghouses' ability to gather and disseminate professional, technical, and managerial job information?

- Would it be workable to maintain forums to develop and test alternative blueprints for greater penetration of the job market by Hispanic professional, managerial, and technical people?

- Given the shrinkage of employment and advancement potential in the public and social service sectors, could workable projects be initiated among Hispanics to redirect the heavy investment of Hispanic talent in these sectors of the economy?

- In what ways could the expertise of Hispanic professors of management, business, or economics be brought into play in assessing the fruitfulness of alternative approaches to the investment of Hispanic talents in the job market?

- What resolutions can roundtable participants recommend for implementation in the (a) short run, (b) mid term, and (c) long range?

- How feasible is the implementation and financing of each of these resolutions?

PART IV

HISPANICS AS A HUMAN RESOURCE

PART IV: HISPANICS AS A HUMAN RESOURCE

This section includes six articles. The first two provide insights into the income differentials between Hispanics and the rest of the population. The other four provide insights related to job information dissemination and job attitudes.

A. Income Differentials

The article by Michael Klima and Miguel Valdivieso indicated that the ratio of earnings of Hispanics vs. non-Hispanics showed a decline for Hispanic males and and increase for Hispanic females between 1970 and 1978. This varied by industry. However, in the higher education brackets both Hispanics males and females improved their incomes in relation to non-Hispanics. The significance of these findings for Hispanic business are discussed. A specially interesting one is that businesses that cater primarily to Hispanic females will see a faster growth in sales than those catering primarily to the Hispanic males.

The article by Cordelia Reimers studies wage differentials between Hispanic and non-Hispanic males. A series of variables were controlled such as cost of living in place of residence, education, fluency in English and other factors. The largest estimate of discrimination was in the case of Central and South American men, followed by Puerto Ricans, other Hispanics and Mexicans. Cubans showed higher wages than white non-Hispanics after controlling the variables studied. The importance different factors play in the various national groups is pointed out. The article concludes with the following interpretations. Education attainment can be of particular importance for Mexican and Puerto Rican males. Antidiscrimination efforts can be specially useful for Puerto Ricans, Central and South Americans and other Spanish. English training would specially benefit Puerto Ricans.

B. Job Information Dissemination and Job Attitudes

The article by Robert Mier and Robert Giloth analyzes the link between the types of jobs that exist in the Pilsen community area in Chicago and the jobs held by Hispanics living there. The mismatch found can be explained part by skill deficiencies (i.e. language, education) and by discrimination. However, informed information or networks were found to be another important element. These networks seem to direct Hispanics to low skilled jobs outside the community and non-community residents into the higher paying jobs within the community. Further study is recommended on how to better link existing skills to existing jobs (including training). There is also a need to test the importance of informal information networks. If they are as important for Hispanics as they seem, this will strengthen the need for affirmative action in publicizing job openings. This can help to overcome the limitations of dissemination of job information for jobs not common yet among Hispanics.

The study by John García on job search efforts indicated that Hispanics tended to use less the conventional job search methods (direct employer contact, employment agency and the like). It points out to the possibility that family members and friends may be a major source of job information. This is similar to the possible importance of informal information networks pointed out in the preceeding article by Mier and Giloth.

The study also showed that Hispanics tended to carry out the job search for less time. The study recommends further research on the way Hispanics search for jobs. It points out the possible importance of improving job skills and of decreasing the cost of the job search as ways to improve the effectiveness of job search among Hispanics.

The study by Mark Petersen compares the attitudes of recent Cuban refugees to a sample of the U.S. population at large and to a sample of Mexican Americans. The results indicate a number of similarities and differences between these groups in terms of the characteristics of their jobs and the attitudes to aspects of the job (i.e. stress, supervision, etc.)

The article by José Romaguera presents a case study of the development of a youth programs that can provide a support mechanism and role models to Hispanic youth. The objective of the program being to motivate young Hispanics to stay in school by increasing their perceived chances of success and their expectations.

AN ANALYSIS OF THE INCOME GAP BETWEEN HISPANICS AND THE GENERAL POPULATION, 1970-1978

Michael L. Klima[1]
DePaul University

Miguel A. Valdivieso
Regional Transit Authority

This study examines income differentials between Hispanics and the general population adjusting for occupation mix. The results of this analysis indicate that in general Hispanic males experienced a decline in their relative income over the 1970-78 period while Hispanic women have experienced an increase in their incomes relative to both men and women of all ethnic groups. However, the results of this study varied widely among the individual industries studied. Furthermore, for both sexes, Hispanics with lower levels of education experienced a decline in their relative income position while those with high levels of education experienced increases in relative incomes.

UN ANALISIS DE LA DIFERENCIA EN INGRESOS ENTRE LA PUBLACION HISPANA Y LA PUBLACION EN GENERAL ENTRE 1970 y 1978

Michael Klima
DePaul University

Miguel A. Valdivieso
Regional Transit Authority

Este estudio examina la diferencia de ingresos, controlada por ocupación, entre Hispanos y la población general. Los resultados de este análisis indican que en general, los hombres Hispanos experimentaron una baja en sos ingresos relativos durante el periodo 1970-1978 mientras que la mujer Hispana ha experimentado un aumento en sus ingresos relativos en comparación a los hombres y mujeres de todos los grupos etnicos. Sin embargo, los resultados de este estudio varían bastante entre las industrias estudiadas. Además, para ambos sexos, los

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This project was undertaken with support from the College of Commerce and the Department of Economics, DePaul University. Data was obtained through the kind cooperation of Eric Heckman, project manager, Chicago Area Geographic Information Study. The authors are also grateful to Bob Richmond, Shuling Yeh, and the staff of DePaul University's Academic computer Services for considerable assistance in processing the data.

Hispanos con niveles más bajo de educación, experimentaron una baja en sus ingresos relativos mientras que aquellos con niveles de educación más altos experimentaron aumentos en sus ingresos relativos.

Este artículo aparece en inglés en las páginas que siguen.

INTRODUCTION

This paper examines changes in the income differential between Hispanics and the general population over the 1970-78 period. Hopefully, this study will provide some insight into the impact of affirmative action on Hispanic incomes. Generally, Hispanics earn less than the general population. In 1978, for example, the average annual wage and salary income for Hispanic male full-time year-round workers (those who normally work 35 or more hours per week and 50 or more weeks per year) was only 79.4% of that of the average for all male full-time year-round workers. Similarly, full-time year-round female Hispanics earned only 88.6% as much as that earned by all female full-time year-round workers.

Discrimination is one of several possible explanations for this income differential. Discrimination is often divided into two types: 1) wage discrimination, which exists when a worker is paid less than others performing a similar task because of the worker's race, ethnic origin, sex, creed, etc.; and 2) employment discrimination, which exists when a worker is denied favorable employment because of his/her race, ethnic origin, sex, creed, etc. Employment discrimination tends to result in a concentration of those discriminated against into low-wage occupations and industries.

This paper focuses primarily on the issue of wage discrimination. Income data for 1970 and 1978 are presented for comparison purposes to determine whether Hispanics have advanced their relative wage and salary income position during the 1970's. All data employed in this paper, unless otherwise indicated, are wage and salary incomes for full-time year-round workers and are taken from computer tape files containing the current Population survey (March, 1971) and the Current Population Survey (March, 1979).

THE APPROACH USED IN THIS STUDY

From 1970 to 1978, the income of Hispanic males relative to all males fell slightly from 81.7% to 79.4%. During that same period, the income for Hispanic females relative to all females rose from 85.8% to 88.6%. However, these figures provide little information concerning trends in wage discrimination unless other factors such as the occupation and industry mix of Hispanics and of the general population are known.

This paper explicitly accounts for both industry and occcupation mix. The problem of industry mix is eliminated by reporting separate relative income figures for each industry. Accounting for occupation mix is slightly more difficult. To simultaneously account for industry and occupation by reporting relative income figures for each occupation-industry cell (at the two-digit) level is not feasible due to the large number of relative income figures that would be involved (over 2,000). consequently the authors chose an alternative solution.

Each person in the sample was assigned an "expected" income, the "expected" income being the average income of all males for that (two-digit) occupation in which the person is employed. (Admittedly, this is a rough estimation of the expected income since factors other than occupation effect incomes.) For example, suppose Smith earns $10,000 per year and is employed in Occupation A. If the average income for males in Occupation A is $15,000, Smith's "expected" income would be $15,000. Once the expected income is known, an actual/expected income ratio (hereafter, referred to as the AE ratio) can be formed to see how well the individual fares relative to males in general for his/her occupation. In the example above, Smith's AE ratio would be approximately 67%. Those individuals who are discriminated against are more likely to have an AE ratio less than 1.00 while other workers are more likely to have an AE ratio that exceeds 1.00.

Note that, in this study, each individual, whether male or female, is assigned an expected income equal to the average male income for his/her occupation. Consequently, all groups studied are related to a common base, simplifying intergroup comparisons. (For similar but not identical studies employing actual to expected income ratios, see Fuchs (1967) and Fuchs (1971.)

RESULTS

Once the AE ratios were calculated for each individual, then for each industry the industry average AE ratio was calculated for all males, for all Hispanic males, for all females, and for all Hispanic females in the industry (full-time year-round workers only). In this manner, both industry and occupation are taken into consideration to detemine income differentials between Hispanics and the general population. The results of these calculations are reported in Table 1 for males and Table 2 for females.

In Tables 1 and 2, Column 1 contains the name of the industry. Columns 2 and 7 contain the number of Hispanics in the sample for 1970 and 1978 respectively. The sample sizes are reported since the Current Population Survey is a 1 in 1,400 sample and thus the sample size is small in some cases. The reader should be aware of this limitation. Columns 3 and 8 respectively contain the 1970 and 1978 unadjusted Hispanic/all ethnic relative income ratios (hereafter, referred to as the "unadjusted" RI ratios) that are formed by simply dividing the industry average income for Hispanics of the reported sex by the industry average income for all persons of that sex.

Columns 4 and 9 respectively contain the 1970 and 1978 average AE ratios for Hispanics in the industry; Columns 5 and 10 contain the 1970 and 1978 average AE income ratios for all individuals (of the reported sex) in the industry. Columns 6 and 11 contain the 1970 and 1978 relative income

TABLE 1: UNADJUSTED AND ADJUSTED RELATIVE INCOME RATIOS FOR HISPANIC MALES, 1970 and 1978

Year	1970					1978				
Industry	Number of Hispanics	Unadjusted Relative Income Ratio	Actual to Expected Income Ratio		Adjusted Relative Income Ratio	Number of Hispanics	Unadjusted Relative Income Ratio	Actual to Expected Income Ratio		Adjusted Relative Income Ratio
			Hispanics	All Ethnics				Hispanics	All Ethnics	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1. Agriculture	48	3.045	.968	.971	.996	113	2.40	1.024	1.004	1.020
2. Mining	9	.932	1.101	1.030	1.069	29	.883	1.05	1.133	.927
3. Construction	77	.828	.855	1.003	.853	182	.827	.849	.942	.901
Manufacturing										
4. Lumber and Wood Products	5	.924	.746	.752	.992	19	.728	.677	.841	.805
5. Furniture	12	.849	.754	.795	.948	42	.856	.658	.716	.918
6. Stone, Clay, and Glass Products	15	.697	.827	.997	.829	22	.626	.744	1.045	.712
7. Primary Metals	22	.791	.969	1.059	.915	61	.796	.964	1.162	.824
8. Fabricated Metals	27	.779	.915	1.027	.891	74	.781	.812	.974	.834
9. Machinery	27	.751	.904	1.049	.862	68	.750	.856	1.048	.816
10. Electrical Eg.	30	.696	.796	1.017	.783	50	.669	.772	1.021	.756
11. Automobiles	15	.723	.839	1.090	.769	21	.408	1.143	1.167	.979
12. Aircraft and Other Transportation eg.	18	.939	1.083	1.064	1.017	38	.813	.937	1.054	.889
13. Instruments	5	.709	.839	1.028	.816	11	.497	.663	1.041	.637
14. Miscellaneous Manufacturing	14	.838	.934	.996	.937	19	.655	.601	.762	.788
15. Food Products	40	.830	.989	1.035	.956	93	.843	.931	.967	.963
16. Tobacco	0	—	—	.960	—	0	—	—	.828	—

TABLE 1 (CONTINUED)

Year	1970					1978				
	Number of Hispanics	Unadjusted Relative Income Ratio	Actual to Expected Income Ratio		Adjusted Relative Income Ratio	Number of Hispanics	Unadjusted Relative Income Ratio	Actual to Expected Income Ratio		Adjusted Relative Income Ratio
Industry			Hispanics	All Ethnics				Hispanics	All Ethnics	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
17. Textiles	9	.955	.901	.844	1.067	18	.779	.765	.859	.891
18. Apparel	14	.741	.740	.858	.862	36	.617	.588	.800	.735
19. Paper	15	.660	.820	1.069	.762	15	.721	.970	1.135	.855
20. Printing and Publishing	17	.873	.928	1.037	.895	31	.808	.833	.966	.862
21. Chemicals	13	.824	.940	1.149	.817	36	.851	1.047	.141	.917
22. Petroleum Products	5	.892	.853	1.108	.770	8	.890	1.353	1.325	1.021
23. Rubber and Plastics	6	.722	.865	.975	.887	21	.603	.646	.996	.649
24. Leather and Not Specified Products	3	.585	.679	.896	.758	9	.952	.693	.722	.960
Transportation, Communication, and Other Public Utilities										
25. Railroads	4	.818	.973	1.103	.882	17	.803	1.132	1.227	.922
26. Other Transportation	36	1.085	1.189	1.130	1.051	86	.894	1.063	1.092	.973
27. Communication	10	.744	.761	1.043	.730	31	.821	1.043	1.203	.867
28. Other Public Utilities	14	.738	.854	1.037	.824	43	.742	.892	1.092	.817

TABLE 1 (CONTINUED)

Year	1970					1978				
Industry	Number of Hispanics	Unadjusted Relative Income Ratio	Actual to Expected Income Ratio		Adjusted Relative Income Ratio	Number of Hispanics	Unadjusted Relative Income Ratio	Actual to Expected Income Ratio		Adjusted Relative Income Ratio
			Hispanics	All Ethnics				Hispanics	All Ethnics	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Wholesale and Retail Trade										
29. Wholesale Trade	42	.723	.870	1.079	.807	99	.780	.821	.960	.853
30. Eating and Drinking Places	31	.958	.851	1.006	.846	77	1.013	1.104	.849	1.309
31. Other Retail	81	.803	.774	.900	.860	220	.866	.912	.915	.991
32. Private Household Services	0	—	—	.747	—	7	1.001	.775	.839	.924
Finance, Insurance and Real Estate										
33. Banking and Other Finance	13	.841	.886	.985	.900	20	.790	.881	1.191	.740
34. Insurance and Real Estate	18	.695	.803	.900	.893	46	.720	.860	1.010	.850
Services (exc. Private Household)										
35. Business Services	13	.455	.692	.992	.626	31	.606	.700	1.059	.662
36. Repair Services	20	1.034	.618	.646	.957	68	.915	.621	.649	.956
37. Personal Services (exc. household)	25	.946	.711	.754	.942	33	.739	.716	.743	.963
38. Entertainment and Recreation	7	1.430	1.129	.987	1.145	16	.783	.631	.881	.777

TABLE 1 (CONTINUED)

Year	1970					1978				
			Actual to Expected Income Ratio					Actual to Expected Income Ratio		
Industry	Number of Hispanics	Unadjusted Relative Income Ratio	Hispanics	All Ethnics	Adjusted Relative Income Ratio	Number of Hispanics	Unadjusted Relative Income Ratio	Hispanics	All Ethnics	Adjusted Relative Income Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
39. Medical Services Exc. Hospitals	6	.453	1.488	1.113	1.337	16	.861	1.034	1.061	.974
40. Hospital Services	24	.737	.827	.933	.887	45	.750	.925	1.036	.893
41. Welfare and Religious Services	10	.562	.473	.655	.723	25	.928	.693	.707	.980
42. Educational Services	26	.792	.850	1.017	.836	85	.809	.893	.990	.903
43. Other Professional Services	9	1.071	5.98	1.017	5.509	29	.969	.887	1.150	.771
44. Forestry and Fisheries	0	—	—	—	—	2	.759	.576	.721	.800
Public Sector										
45. Postal Service	10	.968	1.072	1.120	.957	30	1.001	1.202	1.146	1.044
46. Other Federal	22	.791	.978	1.175	.833	72	.818	1.122	1.229	.913
47. State	5	1.144	1.026	.921	1.114	26	.863	.851	.922	.923
48. Local	17	.871	.894	1.003	.892	39	.858	.859	.992	.866
All Industries	899	.817	.931	1.00	.931	2186	.794	.891	1.00	.891

TABLE 2: UNADJUSTED AND ADJUSTED RELATIVE INCOME
RATIOS FOR HISPANIC FEMALES, 1970 and 1978

Year	1970					1978				
Industry	Number of Hispanics	Unadjusted Relative Income Ratio	Actual to Expected Income Ratio		Adjusted Relative Income Ratio	Number of Hispanics	Unadjusted Relative Income Ratio	Actual to Expected Income Ratio		Adjusted Relative Income Ratio
			Hispanics	All Ethnics				Hispanics	All Ethnics	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1. Agriculture	0	—	—	.330	0	6	2.020	.305	.258	1.182
2. Mining	1	1.045	.761	.694	1.096	4	.915	.818	.857	.954
3. Construction	0	—	—	.596	—	5	.992	.644	.612	1.053
Manufacturing										
4. Lumber and Wood Products	0	—	—	.529	—	0	—	—	—	—
5. Furniture	3	1.081	.642	.585	1.097	7	1.021	.616	.578	1.066
6. Stone, Clay and Glass Product	1	.795	.652	.621	1.051	5	1.173	.880	.713	1.234
7. Primary Metals	1	1.100	.708	.667	1.06	1	.663	.576	.799	.721
8. Fabricated Metals	4	1.046	.594	.625	.949	10	.863	.569	.637	.893
9. Machinery Exc. Electrical	5	.998	.750	.647	1.159	22	.959	.684	.686	.997
10. Electrical Equipment	14	.739	.555	.689	.806	46	.831	.567	.678	.836
11. Automobiles	0	—	—	.721	—	2	1.197	.965	.840	1.149
12. Aircraft and Other Transportation Eq.	0	—	—	.789	—	4	.907	.721	.768	.939
13. Instruments	1	.706	.523	.641	.816	14	.754	.542	.683	.793
14. Miscellaneous Manufacturing	8	.831	.522	.606	.861	20	.900	.514	.549	.935

TABLE 2 (CONTINUED)

Year	1970					1978				
Industry	Number of Hispanics	Unadjusted Relative Income Ratio	Actual to Expected Income Ratio		Adjusted Relative Income Ratio	Number of Hispanics	Unadjusted Relative Income Ratio	Actual to Expected Income Ratio		Adjusted Relative Income Ratio
			Hispanics	All Ethnics				Hispanics	All Ethnics	
15. Food Products	5	.750	.536	.637	.841	27	.952	.671	.629	1.066
16. Tobacco	0	—	—	.673	—	0	—	—	.612	—
17. Textiles	4	1.048	.552	.555	.994	4	1.035	.652	.612	1.067
18. Apparel	50	1.050	.550	.534	1.029	105	.948	.468	.498	.939
19. Paper	1	.608	.549	.721	.761	3	.746	.504	.658	.766
20. Printing and Publishing	6	.795	.514	.622	.825	6	.708	.525	.639	.821
21. Chemicals	3	.665	.535	.690	.776	9	.896	.690	.782	.822
22. Petroleum Products	0	-	-	.781	-	3	1.014	.763	.717	1.064
23. Rubber and Plastic	3	.897	.589	.606	.974	13	.913	.622	.650	.958
24. Leather Product and Not Specified Man.	6	.920	.583	.600	.972	11	1.043	.515	.475	1.084
Transportation, Communication, and Other Public Utilities										
25. Railroads	2	.658	.542	.781	.695	1	1.080	1.125	1.036	1.086
26. Other Transportation	5	1.144	.805	.728	1.107	19	1.159	.806	.739	1.090
27. Communication	10	.889	.574	.649	.884	24	1.011	.871	.830	1.049
28. Other Public Utilities	0	—	—	.717	—	11	1.076	.732	.738	.992

TABLE 2 (CONTINUED)

Year	1970					1978				
			Actual to Expected Income Ratio					Actual to Expected Income Ratio		
Industry	Number of Hispanics	Unadjusted Relative Income Ratio	Hispanics	All Ethnics	Adjusted Relative Income Ratio	Number of Hispanics	Unadjusted Relative Income Ratio	Hispanics	All Ethnics	Adjusted Relative Income Ratio
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Wholesale and Retail										
29. Wholesale Trade	6	.974	.628	.574	1.094	27	.830	.558	.627	.891
30. Retail Trade	13	.645	.371	.512	.725	35	1.110	.652	.658	.991
31. Other Retail	38	.959	.449	.490	.912	94	.904	.470	.516	.912
32. Private Household Services	12	.803	.437	.512	.853	56	.933	.567	.600	.945
Finance, Real Estate, Insurance										
33. Banking and Other Finance	11	.933	.551	.599	.920	33	.956	.562	.571	.985
34. Insurance and Real Estate	12	.930	.530	.570	.929	14	.951	.558	.550	1.015
Services exc. Private Household										
35. Business Service	2	.942	.937	.633	1.482	20	.826	.572	.575	.994
36. Repair Service	1	1.342	.443	.318	1.391	4	1.094	.557	.439	1.268
37. Personal Service (exc. Private Household)	20	1.112	.472	.396	1.190	45	1.036	.622	.552	1.127

ratios adjusted for occupational mix (hereafter, referred to as the "adjusted" RI ratio.) The "adjusted" RI ratio is formed quite simply by dividing the industry average AE ratio for all Hispanics by the industry average AE ratio for all ethnic groups.

An example might illustrate the relevance of the "adjusted" RI ratio. For example, looking at Table 1, in 1970, the unadjusted RI ratio for mining was .932, indicating Hispanic males earned only 93.2% as much as the males of all ethnic groups. However, the AE ratio for Hispanic males in mining indicates Hispanics earned 110% as much as expected based on their occupational mix. On the other hand, the males of all ethnic groups earned only 103% as much as expected based on their occupational mix. So Hispanics actually fared better than other males in that industry, adjusting for occupation mix, and this is indicated by the adjusted RI income ratio of 1.069 (1.101 divided by 1.030).

Considering first the result for males presented in Table 1, in 1970, the unadjusted RI ratios for Hispanic males exceed 1.00 for only six industries: 1) Agriculture; 2) "Other" Transportation; 3) Repair Services; 4) Entertainment and Recreation Services; 5) "Other Professional Services; and 6) State Government. In 1979, the unadjusted RI ratios exceed 1.000 in four cases: 1) Agriculture; 2) Eating and Drinking Places; 3) Private Household Service; and 4) Postal Service. The unadjusted RI ratio for agriculture is probably misleading since many non-Hispanicis are probably unpaid family members working on family farms.

The AE ratio suggest that differences in occupation mix do not fully explain the differences in income between Hispanic males and males in general. In a majority of cases, Hispanic males earned less than 90% of the income expected based on their occupational mix while the AE ratios for males of all ethnic groups were generally close to or exceeded 1.00.

In 1970, the AE ratios for Hispanics excceeds 1.00 in only seven industries--1) Mining (1.101, 2) Aircraft and Other Transportation Equipment (1.083), 3) "Other" Transportation (1.189), 4) Entertainment and Recreation Services (1.129), 5) Medical Services, except Hospital

(1.488), 6) "Other" Professional Services (5.98), and 7) Postal Services (1.072); in 1979, the AE ratio for Hispanic males exceeds 1.00 in only twelve industries--1) Agriculture (1.024), 2) Mining (1.05), 3) Automobile Manufacturing (1.143), 4) Chemicals (1.047), 5) Petroleum Products (1.353), 6) Railroads (1.132), 7) "Other" Transportation (1.063), 8) Communication (1.043), 9) Eating and Drinking Places (1.104), 10) Medical Services except Hospital (1.034), 11) Postal Services (1.202), and 12) Other Federal Government (1.122).

However, an AE ratio for Hispanics in excess of 1.00 shows only that Hispanics in that industry, adjusted for occupational mix, fare better than males in general in the entire economy. It is the adjusted RI figures in Column 6 for 1970 and column 11 for 1978 that compare Hispanics in an industry to all males in that industry. In most cases,

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the adjusted RI ratios exceed the unadjusted RI ratios. Occupational mix, then, does explain in part the income differential between Hispanic males and other males in an industry. However, for most industries, even the adjusted RI ratios for Hispanics fall short of 1.00, indicating the possible existence of wage discrimination.

Changes in the adjusted and unadjusted RI ratios by industry from 1970 to 1978 show a mixed pattern. In eighteen industries, the unadjusted and adjusted RI ratios for Hispanic males fell; in fifteen industries, the unadjusted and adjusted RI ratios rose; in five industries, the unadjusted RI fell, while the adjusted RI rose; and in seven industries, the unadjusted RI rose while the adjusted RI fell. In several of these cases, the change was negligible. For all industries, the unadjusted RI fell from 81.7% to 79.4% while the adjusted RI fell from 93.1% to 89.1%. It is interesting to note that in the public sector, the adjusted RI ratios for Hispanic males rose in the federal sector but declined in the state and local sectors.

Turning to ~~the~~ results for females presented in Table 2, it is apparent that women in general, both Hispanic and non-Hispanic, tend to earn less than males, adjusting for occupational mix, since nearly all AE ratios for females are much below 1.00. In fact, for 1970, the only AE ratio above 1.00 is for Hispanic females in the postal service. In 1978, the only AE ratios above 1.00 were those for Hispanic women and women in general employed in the Railroad industry.

Generally, the income differences between Hispanic females and females of all ethnics is less than the differences between Hispanic males and males in general. As in the case of males, the changes in the adjusted and unadjusted RI ratios from 1970 to 1978 varied among the industries. The unadjusted RI ratios for females rose in 20 industries and fell in 17 industries; however, the adjusted RI ratios rose in only 16 industries and fell in 20 industries with one industry adjusted RI remaining constant. Surprisingly, in the public sector, the adjusted RI ratio fell for the postal service and other federal employment but rose for employment in state government--the opposite of the experience for males.

For all industries, the unadjusted RI figures for Hispanic females rose from 85.8% to 88.6%. During that same period, the adjusted RI figure rose from 92.6% to 93.4%. These figures suggest that Hispanic females may have experienced a slight decrease in both wage and employment discrimination relative females in general. In fact, from 1970 to 1978, females in general experienced a 64.7% increase in their average expected income (which reflects the "richness" of the occupational mix) and a 75.8% increase in their average actual income. During that same period, Hispanic females experienced a 70.9% in their average expected income and an 81.5% increase in their actual income.

Not only did the income of Hispanic women rise relative to females of all ethnic groups, but also women in general improved their income position relative to men. In 1970, women of all ethnic groups earned 61.4% as much (and Hispanic women 52.7%, as much) as men of all ethnic groups; by 1978, women in general earned 62.4% as much as men and Hispanic women earned 55.3% as much as males in general. Adjusting for occupational mix, the female/male income ratio rose from 60.6% in 1970 to 65.5% in 1978 while Hispanic/all male income rose from 56.1% to 61.2%. These figures suggest a reduction in wage discrimination for women in general, including Hispanic women.

THE ROLE OF EDUCATION

One important factor not considered in the analysis above is the role of education. Of course, education and occupation mix are related. An individual with a high level of education is more likely to be empoloyed in a high-wage occupation, while a person with a low level of education is likely to be employed in a low-wage occupation. But education might have an impact on incomes other than its effect on the occupational mix.

To determine the impact of education, the average AE income ratios by sex, level of education, and ethnic origin were determined. These AE ratios were then used to determine the adjusted RI ratios, in the same manner used in calulating the industry income ratios in the preceding section. The results are presented in Table 3.

Generally, the AE ratios for both sexes rise with the level of education. This suggests that if two persons were employed in the same occupation, the person with the higher level of education would tend to receive a higher income. The adjusted RI ratios for males (reported in Column 4 and 1970 and column 7 for 1978) indicate that, adjusting for occupational mix, in 1970 the income for Hispanic males who attended 8 years of school or less exceeded that of males in general who had an equal number of years of education. For those with more than 8 years of school, however, Hispanic males received less income than males in general adjusting for occupational mix and education (with the exception of those with 18 or 19 years of school). In 1978, the adjusted RI ratio for Hispanic males exceeds 1.00 up to and including the eleventh grade and falls below 1.00 after that point. These findings are similar to those found for another minority group, blacks, in earlier studies (for example, Harrison (1972) that additional years of schooling yield smaller returns to minorities than to the general population. Comparing the 1970 to 1978 figures, the adjusted RI ratios fell for Hispanics with 8 years of education and rose for those with more than 8 years of education.

Turning to the results for females, the adjusted RI ratios (in Column 10 for 1970 and column 13 for 1978) showed a tendency to decline as years of education increased, but the pattern is less consistent than that for males. Comparing the 1970 and 1978 figures, the adjusted RI figures fell for those with five years or less of education but generally rose for those with more than 5 years of education. Hispanic females with 12 years of education, in particular, experienced a sharp increase in their adjusted RI ratio (from 95.1% in 1970 to 118% in 1978).

SUMMARY AND CONCLUSIONS

The figures presented in this paper suggest that the incomes of Hispanic males fell slightly over the 1970-78 period. This finding is true for both the unadjusted figures for those adjusted for occupational mix. During that same period, women in general improved their income position

TABLE 3: ADJUSTED RELATIVE INCOMES RATIOS FOR HISPANICS
BY LEVEL OF EDUCATION AND SEX, 1970 and 1978

Sex	Males			Males			Females			Females		
Year	1970			1978			1970			1978		
Highest Grade Attended	Actual to Expected Income Ratio Hispanics	Actual to Expected Income Ratio All Ethnics	Adjusted Relative Income Ratio	Actual to Expected Income Ratio Hispanic	Actual to Expected Income Ratio All Ethnics	Adjusted Relative Income Ratio	Actual to Expected Income Ratio Hispanics	Actual to Expected Income Ratio All Ethnics	Adjusted Relative Income Ratio	Actual to Expected Income Ratio Hispanics	Actual to Expected Income Ratio All Ethnics	Adjusted Relative Income Ratio
1	.898	.783	1.147	.771	.726	1.062	.326	.419	.778	.454	.413	1.100
2	.830	.624	1.330	.673	.652	1.032	.651	.369	1.764	.439	.419	1.049
3	.713	.561	1.271	.709	.685	1.034	.611	.567	1.078	.507	.484	1.047
4	.783	.695	1.127	.745	.737	1.010	.526	.462	1.138	.522	.515	1.014
5	.813	.723	1.149	.780	.840	.928	.465	.476	.977	.459	.639	.718
6	.747	.742	1.008	.790	.812	.974	.423	.446	.948	.531	.550	.966
7	.850	.837	1.016	.774	.770	1.004	.491	.520	.944	.503	.505	.995
8	.928	.832	1.115	.842	.799	1.053	.549	.549	1.000	.534	.530	1.008
9	.845	.847	.998	.825	.817	1.010	.527	.550	.958	.587	.560	1.049
10	.847	.953	.889	.955	.867	1.102	.526	.552	.953	.564	.612	.923
11	.922	.995	.927	1.017	.903	1.125	.518	.540	.959	.614	.574	1.069
12	.899	.949	.947	.936	.880	.950	.578	.608.	.951	.683	.578	1.180
13	.919	1.011	.909	.952	.987	.964	.583	.587	.993	.614	.635	.967
14	.947	1.016	.932	.884	1.017	.869	.626	.612	1.023	.659	.639	1.031
15	.783	.993	.789	.912	1.032	.884	.606	.624	.971	.655	.665	.986
16	.830	1.016	.817	.828	1.001	.828	.389	.604	.644	.614	.698	.886
17	.916	1.137	.806	.973	1.111	.876	.740	.686	1.079	.674	.717	.941
18	4.377	1.143	3.830	.891	1.147	.777	.7000	.775	.903	.789	.788	1.001
19	2.256	1.217	1.854	1.003	1.167	.859	.843	.869	.970	.834	.897	.930
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)

relative to men while Hispanic women experienced higher incomes relative to both men and women of all ethnic groups. However, for both sexes, these trends in Hispanic relative income ratios varied widely among the individual industries studied. Breakdowns by level of education indicate that, adjusting for occupational mix, Hispanics with low levels of education lost ground relative to other ethnic groups, while those with higher levels of education experienced increases in their relative income ratios.

These findings are particularly significant for Hispanic businesses that employ Hispanics or rely heavily on Hispanic customers. The results of this study suggest that, if past trends continue, Hispanic firms paying a competitive wage and employing large numbers of Hispanic males are likely to experience slightly smaller increases in labor costs than similar firms employing mostly non-Hispanic males. However, those firms employing large numbers of Hispanic females are likely to experience somewhat greater increases in costs than similar firms employing non-Hispanics.

In the output market, to the extent that consumer demand is related to the wage and salary income of *individual* Hispanic persons (*family* income is not treated in this paper), those firms relying heavily on Hispanic male customers might find their sales growing at a slower rate than expected since increases in the wage and salary income of Hispanic males has lagged behind the general population. On the other hand, those firms relying heavily on female customers, especially Hispanic, might experience a faster growth in sales than expected since women (especially Hispanics) have improved the incomes relative to men.

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WAGE DISCRIMINATION AGAINST HISPANIC AMERICAN MEN

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Using data from the 1976 Survey of Income and Education, we estimate wage-offer functions for five Hispanic groups and for black and white non-Hispanic males. Because our samples are restricted to men who worked only in the wage and salary sector in 1975, our estimation procedure corrects for sample selection bias. We then separate the average wage-offer differential between each minority group and white non-Hispanics into the portion arising from differences in average characteristics and the portion arising from differences in the parameters of the wage function, due to discrimination and other unobserved factors. The wage differential thus attributable to discrimination ranges from 18 percent for Puerto Ricans and 14 percent for blacks to 6 percent for Mexicans and -6 percent for Cubans.

1. INTRODUCTION

Hispanic American men have lower average wage rates than white non-Hispanics. In 1975 the average Mexican American male's hourly wage was 72 percent as much as the average white man's; and Cuban men earned 89 percent as much as white non-Hispanics. By way of comparison, black men's average wages in 1975 were 78 percent of the white male wage.[2]

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[2] Author's tabulations from the 1976 Survey of Income and Education, as reported in Appendix Table B.

How much of these wage differentials can be explained by inter-group differences in wage-related characteristics, and how much is due to discrimination in the labor market? By labor-market discrimination, we mean a systematic difference between ethnic groups in wage offers by employers that cannot be explained by observable, productivity-related characteristics. We shall not be concerned here with how such an unexplained wage difference is institutionalized; i.e., we do not deal with such questions as differential access to occupations, industries, unions, or training opportunities. Rather, we focus on the overall outcome of these and other labor-market processes, and ask how much the wages of men with similar characteristics differ across ethnic groups.

Section 2 explains the method used to separate the minority-white non-Hispanic wage differential into the portion due to differences in average characteristics and the portion due to differences in unobserved factors and discrimination, taking into account the possibility of selectivity bias in the observed wage sample. Section 3 describes the data used in the study and the specification of the wage equation. The comparison of observed wage differentials, wage-offer differentials, and the differential attributable to discrimination is presented in Section 4. Section 5 summarizes our findings and discusses their implications for efforts to improve the economic situation of Hispanics in the United States.

2. SELECTIVITY BIAS AND THE DECOMPOSITION OF WAGE-OFFER DIFFERENTIALS

Discrimination affects the wage rate that would be offered to an individual by employers, whether or not he works in the wage and salary sector. Since the observed wage structure is affected by the decisions people make about participating in the wage and salary sector, as well as by the wage offers they face, the wage-offer function must be carefully distinguished from the observed wage function if discrimination is to be measured properly.

To be included in our wage sample, a respondent must have chosen to be a civilian wage and salary employee rather than a non-market worker, a full-time student, a self-employed person (perhaps in the "underground economy"), a retiree, or a member of the Armed Forces. This decision was presumably the outcome of optimizing behavior with respect to the current use of the person's stock of human capital. Because omitted variables that affect one's productivity in the wage and salary sector probably affect one's productivity differently in the household, education, Army, and self-employment sectors, we would expect some systematic censoring of the sample to occur, with attendant bias to the estimated coefficients of the wage-offer equation. We therefore use Heckman's (1979) two-step technique to obtain consistent estimates of the parameters of the wage-offer function, corrected for sample selection bias.

Let the wage-offer function be

$$\ln W_{ij} = X_{ij}B_j + e_{ij}, \qquad (1)$$

where $\ln W_{ij}$ is the natural logarithm of the wage rate offered in the labor market to individual i in ethnic group j, X_{ij} is a vector of observed characteristics, B_j is a vector of coefficients that are common to members of a group but may vary across groups, and e_{ij} is a stochastic error distributed $N(0,\sigma_e^2)$. Let $\hat{B}_j$ be the vector of estimated coefficients (corrected for selection bias) for group j. Group j's average observed characteristics are $\bar{X}_j$. Then $\bar{X}_j\hat{B}_j$ will be an unbiased estimate of the wage offer for a person with the characteristics of the average wage earner in group j. In the absence of sample selection bias, this would equal the average observed log wage for group j: $\overline{\ln W}_j = \ln\tilde{W}_j$, where $\tilde{W}_j$ is the geometric mean observed wage for group j. (If selection bias is present, $\bar{X}_j\hat{B}_j$ will differ from $\overline{\ln W}_j$, and the discrepancy will be a measure of the selectivity bias in the average observed wage for group j.)

Using the method developed by Oaxaca (1973), the difference in average wage offers can be decomposed in two ways, giving:

$$\bar{X}_j\hat{B}_j - \bar{X}_k\hat{B}_k = (\bar{X}_j-\bar{X}_k)\hat{B}_j + \bar{X}_k(\hat{B}_j-\hat{B}_k) \qquad (2)$$

or alternatively,

$$\bar{X}_j\hat{B}_j - \bar{X}_k\hat{B}_k = (\bar{X}_j-\bar{X}_k)\hat{B}_k + \bar{X}_j(\hat{B}_j-\hat{B}_k). \qquad (3)$$

Either (2) or (3) decomposes the percentage difference between the average wage offers for the two groups into two parts:

1) that due to differences in average characteristics of the groups, including differences in local price levels where members of the groups live; and

2) that due to differences in the parameters of the wage function, caused by labor market discrimination and other omitted factors.

In general, we will get different measures of the impact of discrimination, depending on which group's characteristics we use as weights for adding up the differences in individual parameters. The choice of weights amounts to an assumption about what the wage function would be in the absence of discrimination. Assuming that the no-discrimination wage function would lie somewhere between the ones currently faced by the minority and majority groups, we use the average of the two sets of weights.

3. DATA AND VARIABLES IN THE WAGE FUNCTION

We use microdata from the 1976 Survey of Income and Education to estimate a separate wage function, corrected for selectivity bias, for each ethnic group -- Mexicans, Puerto Ricans, Cubans, Central and South Americans, Other Spanish, black non-Hispanics, and white non-Hispanics.[3] The wage samples consist of male civilian employees aged fourteen and above who were not self-employed nor full-time students.

To take account of the differences in geographic concentration of these groups, we divide each person's wage rate by a cost-of-living index for his place of residence.[4] The natural logarithm of this "real" wage rate is regressed on a set of explanatory variables: education (in the U.S. and abroad), potential work experience, nativity and date of immigration, U.S. military service, fluency in English, health disability, race, government employment, and the inverse of Mill's ratio, predicted from a sample-inclusion probit, to correct for sample selection bias.[5]

The variables are defined in Appendix Table A, and their mean values for the wage earners in each ethnic group are in Appendix Table B. They reveal some important differences among these ethnic groups. Average education levels, around 12.5 years for white non-Hispanic male wage-earners and 10.5 years for blacks, are less than 10th grade for Mexicans and Puerto Ricans. The other three Hispanic groups average between 11 and 12 grades of school. The Mexicans and Puerto Ricans are younger than the other groups on average, and the Cubans are even older than white non-Hispanics. Almost all of the Cubans and Central and South Americans are foreign-born, and the latter group have arrived in the

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[3] For a description of this data set, see U.S. Bureau of the Census (1978).

[4] This is equivalent to entering the natural logarithm of the cost index as an explanatory variable in the wage regression and constraining its coefficient to equal one. We use the Bureau of Labor Statistics' index of comparative cost of living based on an intermediate budget for a four-person family in autumn 1975 (U.S. Department of Labor, 1977). When a sample member lived in a SMSA not included in the BLS survey, we use the cost index for the closest comparable SMSA.

[5] This is the technique suggested by Heckman (1979). Details regarding the estimated probits are available from the author upon request.

U.S. even more recently than the Cubans. Eighty percent of the Puerto Ricans were born on the island. Seventy-five percent of the Mexicans, on the other hand, were born in the United States. The "Other Hispanics" are overwhelmingly (90 percent) from the second or later generations in the U.S. (This group includes persons of mixed Hispanic ancestry as well as those Hispanics who did not identify with any of the other listed Spanish-origin groups.)

Not surprisingly, the percentages of each group with fluent English and with U.S. military experience reflect the percentages born in the United States. Government employment also tends to reflect birthplace, except that Mexicans and Puerto Ricans are about as likely as white non-Hispanics to hold government jobs, and blacks and "Other Hispanics" are much more likely to do so.

4. RESULTS

For each ethnic group, Table 1 shows the observed minority-white non-Hispanic wage differential, the estimated percentage difference in geometric average wage offers, and the differential that cannot be explained by differences in observed characteristics. The latter, due to differences in parameters of the wage function, can be attributed to labor-market discrimination on the basis of ethnicity and to other omitted variables. The underlying variable means and regression coefficients for each group are reported in Appendix Tables B and C.

TABLE 1
DECOMPOSITION OF WAGE DIFFERENTIAL BETWEEN WHITE NON-HISPANIC AND MINORITY MALES

Group	Observed wage difference[a]	Wage-offer difference[b]	Wage diff. due to diff. in parameters[c]
Mexicans	.304	.339	.064
Puerto Ricans	.218	.332	.177
Cubans	.092	.156	-.062
Central & South Americans	.210	.423	.365
Other Hispanics	.141	.225	.119
Blacks	.233	.229	.137

[a] $\ln W_w - \ln W_h$ (approximately the percentage difference in the geometric mean observed wage)

[b] $\ln P_w + X_w B_w - \ln P_h - X_h B_h$ (the wage differential corrected for sample selection bias)

[c] $\left[(X_w + X_h)/2\right](B_w - B_h)$

We see that the difference in average wage offers between Hispanic and white non-Hispanic men is always larger than the observed wage differential -- sometimes much larger, as for Puerto Ricans and Central and South Americans. Selectivity bias is negative for all groups except Central and South Americans, but it is larger in absolute value for white men than for Hispanic men. Therefore it reduces the average observed wage more for white men, narrowing the observed wage difference between them and Hispanics.

The average wages offered to the minority groups are at least 15 percent below those offered to white non-Hispanics. How serious a problem is labor-market discrimination in producing these differences? The largest estimate of discrimination (36 percent) is in the case of Central and South American men. This is 86 percent of the total wage-offer differential between them and white non-Hispanic men. For Puerto Rican men, discrimination may be responsible for an 18 percent difference in wages, about half of the 33 percent wage-offer gap. Discrimination may cause a wage gap of up to 12 percent for "Other Hispanic" men, a little over half of the total gap. Black men are in between the Puerto Ricans and "Other Hispanics." The wage-offer difference due to racial discrimination may be as large as 14 percent -- three fifths of the total black-white male wage-offer differential.

For Mexican men, however, discrimination accounts for only a 6 percent wage difference. The rest of the 34 percent wage-offer gap is due to differences in characteristics such as education. And Cuban men apparently have higher wages compared with white non-Hispanic men than their human-capital characteristics would warrant; the difference in parameters of the wage function goes in their favor.

5. SUMMARY AND IMPLICATIONS OF FINDINGS

In the last section we have seen how much of the minority-white non-Hispanic wage differential comes from discrimination and how much from group characteristics. Discrimination apparently is an important factor in lowering the wages of Puerto Rican, black, Central and South American, and "Other Spanish" men. But clearly, differences in measured characteristics, and not labor-market discrimination against the ethnic group, are the overwhelming reason for the shortfall in wages for Mexican American and Cuban men.[6] Of course, discrimination outside the labor market may affect the acquisition of human capital (e.g., education) by members of a minority group and lead to differences in observed characteristics. However, the resulting difference in wages should not be attributed to discrimination in the labor market.

It is possible that labor-market discrimination affecting many Hispanics is directed, not against Hispanics per se, but against blacks, immigrants and those without fluent English. Since these groups comprise a larger fraction of the Hispanic ethnic groups than of white non-Hispanics, such discrimination would affect Hispanics' wages disproportionately. We include race as a characteristic in our wage equations in order to distinguish discrimination against Hispanics from discrimination against blacks. Language skills and duration of residence in the U.S., as aspects of a worker's human capital stock, are also included in the wage equations. Our decomposition method attributes wage differences due to these factors to differences in characteristics, not to discrimination. Therefore, it is of interest to note how much of the Hispanic-white wage difference is due to the differences in race, nativity and date of arrival, and language skills. The total difference in wage offers due to these factors ranges from 3 percent for the "Other Spanish" men and 5 percent for Mexicans to 15 percent for Puerto Ricans and 20 percent for Cubans.

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[6] Our estimates are not strictly comparable to those of previous researchers, due to differences in criteria for sample inclusion, standardization techniques, and specification of the wage function. However, some comparisons with Gwartney and Long (1978) are worthy of comment. Like us, they found that most of the wage difference between Mexicans and white men was due to group characteristics, with discrimination accounting for less than a ten percent wage differential. Unlike us, however, they found that Cuban men had a larger unexplained wage gap than Mexicans or Puerto Ricans, and that blacks faced more discrimination than any of the Hispanic groups they studied. Our findings indicate that recency of immigration, which Gwartney and Long did not control for, may explain the Cubans' large residual wage gap in their study. We also find less discrimination against blacks than Puerto Ricans, which may mean that anti-black discrimination diminished considerably in the early 1970's.

What do our findings mean for those concerned to improve the economic situation of Hispanics in the United States? Different strategies are indicated for different groups. Raising the educational attainment, especially of Mexican and Puerto Rican males, is an obvious goal. Anti-discrimination efforts are still needed, especially for Puerto Ricans, Central and South Americans, and "Other Spanish." Also, efforts to integrate new immigrants into the work force more quickly, including English training, would benefit Puerto Ricans in particular.

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Appendix Table A

Definitions of Variables

WAGE (W) - Annual earnings/(weeks x usual hours worked) in 1975
LNWAGE (lnW) - Natural logarithm of WAGE
LNCOST (lnP) - Natural logarithm of BLS cost index for moderate family budget in SMSA or region of residence. If SMSA of residence is not in the BLS sample, another SMSA in the same state or region was used. If residence was not identified as being in a SMSA, the BLS index for non-metropolitan areas in the region was used.
LNRWAGE ln(W/P) - LNWAGE minus LNCOST
ED - Highest grade of school completed
EXP - Age-Highest grade attended - 5
EXPSQ - Square of EXP
VET = 1 if veteran; =0 otherwise (males only)
FBORN = 1 if born outside U.S. mainland; =0 otherwise
FORED - Years attended school abroad (=0 if born in U.S. mainland)
US46 = 1 if immigrated to U.S. 1970-72; =0 otherwise
US711 = 1 if immigrated to U.S. 1965-69; =0 otherwise
US1216 = 1 if immigrated to U.S. 1960-64; =0 otherwise
US1726 = 1 if immigrated to U.S. 1950-59; =0 otherwise
US2799 = 1 if immigrated to U.S. before 1950; =0 otherwise
ENGNVG = 1 if does not speak and understand English very well; =0 otherwise
HEALTH = 1 if health limits ability to work; =0 otherwise
GOVT = 1 if government employee; =0 otherwise
NONWHT = 1 if race is non-white; =0 otherwise
$\hat{\lambda}$ - Inverse of Mill's ratio, predicted from reduced-form probit equation for being in the wage sample.

Appendix Table B

Means of Variables: Males in Wage Sample

	White Non-Hispanics	Mexicans	Puerto Ricans	Cubans	Central & South Americans	Other Hispanics	Black Non-Hispanics
WAGE (W)	5.97	4.31	4.52	5.33	4.94	5.20	4.65
LNWAGE (ℓnW)	1.607	1.303	1.389	1.515	1.397	1.466	1.374
LNCOST (ℓnP)	-0.025	-0.068	0.074	-0.015	0.051	-0.043	-0.028
LNRWAGE (ℓnW/P)	1.632	1.371	1.316	1.530	1.346	1.509	1.402
ED	12.41	9.44	9.75	11.32	11.79	11.04	10.54
EXP	20.77	19.51	20.45	24.12	19.05	21.33	22.96
EXPSQ	669.08	597.75	602.54	788.37	487.16	693.76	788.59
VET	.486	.304	.255	.112	.0854	.427	.374
FBORN	.0282	.269	.793	.950	.921	.119	.0149
FBORN x FORED	.192	1.31	5.25	8.64	9.23	1.04	.149
FBORN x US46	.00240	.0399	.0732	.125	.262	.0192	.00588
FBORN x US711	.00309	.0478	.0860	.250	.220	.0402	.00407
FBORN x US1216	.00103	.0292	.102	.331	.134	.0230	.00181
FBORN x US1726	.0103	.0591	.350	.150	.116	.00958	.00136
FBORN x US2799	.0103	.0450	.115	.0962	.0366	.0153	.000453
ENGNVG	.00756	.321	.446	.538	.482	.186	.00181
HEALTH	.101	.0917	.0764	.0562	.0549	.0900	.120
GOVT	.169	.177	.150	.0812	.104	.226	.240
NONWHT	0	.0219	.0860	.0962	.116	.0517	1.0
$\hat{\lambda}$	.536	.416	.395	.461	.309	.454	.472
Selection Bias ($\hat{\sigma}_{12}\hat{\lambda}$)	-.198	-.163	-.084	-.134	.015	-.113	-.202

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Appendix Table C

Male Wage Equations, Corrected for Selectivity Bias

Dependent Variable: LNWAGE
(Corrected Standard Errors in Parentheses)

	White Non-Hispanics	Mexicans	Puerto Ricans	Cubans	Central & South Americans	Other Hispanics	Black Non-Hispanics
INTERCEPT	.618* (.0770)	.764* (.0906)	.837* (.227)	1.035* (.462)	.290 (.402)	.893* (.175)	.850* (.0903)
ED	.0614* (.00410)	.0537* (.00531)	.0355* (.0125)	.0351 (.0187)	.0496* (.0222)	.0336* (.0103)	.0492* (.00457)
EXP	.0405* (.00326)	.0238* (.00413)	.0376* (.00820)	.0400* (.0152)	.0390 (.0203)	.0285* (.00775)	.0150* (.00383)
EXPSQ	-.000569* (.0000655)	-.000261* (.0000729)	-.000626* (.000152)	-.000652* (.000261)	-.000613 (.000420)	-.000353* (.000146)	-.000188* (.0000641)
VET	-.00799 (.0244)	.0291 (.0335)	-.00148 (.0684)	.210 (.144)	.219 (.214)	.0443 (.0597)	.0221 (.0263)
FBORN	-.195 (.355)	-.258* (.0821)	-.157 (.152)	-.167 (.300)	-.411 (.322)	.277 (.324)	.415 (.413)
FBORN x FORED	.000582 (.0137)	-.00560 (.00774)	-.00475 (.00858)	-.00665 (.0158)	.0188 (.0179)	-.00915 (.0218)	-.0356 (.0281)
FBORN x US46	.0364 (.394)	.229* (.0873)	.0251 (.141)	-.0310 (.227)	.245 (.161)	-.307 (.289)	-.184 (.327)
FBORN x US711	.0879 (.379)	.129 (.0861)	.0856 (.138)	-.00298 (.220)	.244 (.156)	-.364 (.260)	-.124 (.344)
FBORN x US1216	.104 (.468)	.191 (.0981)	.0443 (.135)	.147 (.226)	.275 (.190)	.125 (.281)	.231 (.395)
FBORN x US1726	.0288 (.348)	.284* (.0853)	.0273 (.125)	.0628 (.268)	.479* (.214)	-.191 (.343)	.0394 (.427)
FBORN x US2799	.186 (.350)	.220* (.0971)	.160 (.152)	.108 (.292)	.313 (.362)	-.394 (.337)	-.187 (.595)
ENGNVG	-.0684 (.153)	-.0481 (.0392)	-.203* (.0719)	-.159 (.0981)	-.0973 (.121)	-.184* (.0799)	.487 (.282)
HEALTH	-.0107 (.0387)	-.0167 (.0514)	.214 (.133)	.124 (.216)	.152 (.238)	.0114 (.105)	.114* (.0451)
GOVT	-.0139 (.0274)	-.0328 (.0333)	-.0227 (.0742)	.0112 (.143)	.121 (.164)	.0644 (.0598)	.0701* (.0247)
NONWHT	—	-.0888 (.0894)	.120 (.0952)	-.153 (.183)	.0114 (.151)	-.0642 (.114)	—
$\hat{\lambda}$	-.369* (.0575)	-.390* (.0633)	-.212 (.120)	-.291 (.247)	.0498 (.254)	-.250* (.118)	-.428* (.0574)
N	2911	1778	314	160	164	522	2209
R^2	.261	.227	.262	.320	.248	.210	.228
$(\hat{\sigma}_{11})^{1/2}$ (Corrected)	.591	.579	.448	.494	.582	.561	.575

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*Significantly different from 0 at 5% level.

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INDUSTRIAL EMPLOYMENT OPPORTUNITIES AND THE HISPANIC COMMUNITY: THE CASE OF PILSEN

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This research explores unemployment in a Mexican-American residential community in Chicago that has industrial employment opportunities. By means of multiple regression and probit analyses, skill deficiencies and discrimination are found to create barriers to employment. In addition, a systematic linkage is revealed between residents of Pilsen and employment opportunities in low wage industries outside of Pilsen. Two "weak tied social networks" further inhibit local employment opportunities of Mexican-American residents of Pilsen. The research concludes with programmatic, theoretical, and policy suggestions. At the level of theory, a hypothesis is formulated which expands the notion of an "internal" labor market to include loose-tied social networks, and suggests the necessity of further reading to determine the implications for public policy.

Este estudio explora el problema del desempleo en una comunidad Mexicano-Americana de Chicago que ofrece oportunidades de empleó industrial. Se utilizan análisis "probit" y de regresión para mostrar que la discriminación y las deficiencias de adiestramiento crean barreras de empleo. Además se demuestra que existe una relacion sistemática entre residentes de Pilsen y oportunidades de empleó en industrias ubicadas fuera de Pilsen que pagan salarios bajos. Se encontraron dos cadenas de relaciones sociales muy débiles que hacen aun más inaccesibles las oportunidades de empleo de Mexicano-Americanos residentes en Pilsen.

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El estudio concluye con una serie de sugerencias programaticas, teoricas, y d politicas para enfrentar el problema. A nivel toerico se formula una hipotesis que propone expandir la nocion de mercados laborales internos incluyendo cadenas de relaciones sociales debiles y que sugiere las necesidad de esfuerzos mayores para determinar las implicaciones que esta situacion comporta en relacion con politicas de orden publico.

I. INTRODUCTION

We were motivated to undertake this research by our observation that the Mexican-American community of Pilsen, in Chicago, experiences a high unemployment rate even though there are industrial employment opportunities available in the area. There is evidence that this high rate and the limited penetration of the local labor market by Pilsen residents are consequences of skill mismatches, lack of education and training, and discrimination (Betancur, et. al., 1976). The purpose of our research was to clarify the nature of the interaction between the industrial economy and the residential community and to explore the feasibility of that interaction's being strengthened. Specifically, we sought to achieve four research goals:

--Ascertain the severity of the skill mismatch and discrimination problems. A particular interest was the determination of whether they are a barrier to employment in Pilsen industry for Pilsen residents.

--Identify the mechanisms by which the labor market linked or separated the community and industry of Pilsen.

--Determine how appropriate community based organizations address the barriers to employment.

--Develop a holistic model of the Pilsen labor market process out of which better strategies for overcoming barriers to employment might emerge.

In the analysis that follows, five sources of information are employed: A sample survey of 39 Pilsen industrial employers; records of 407 recipients of either training or placement services who lived in or were placed in jobs in Pilsen; key informant interviews with representatives of four Pilsen placement or training organizations; other sources of data on Pilsen such as a recently completed random housing preference sample of 63 Pilsen households; and finally, general literature and reports on Pilsen. Where appropriate, the information are linked using Campbell's notion of "triangulation" (e.g., Webb, et.al., 1966).

II. BACKGROUND

The community of Pilsen is located approximately two miles southwest of Chicago's central business district. Since the 1860's, it has been a port of entry for immigrants and a location of the jobs they sought. The present occupational mix of Pilsen industries is diverse, with heaviest representation in the unskilled and skilled blue-collar sectors. Until recently, the immigrant population was largely eastern European. Today its population is 80 percent Mexican. (Mier, et.al, 1978; Fraught, 1975).

The settlement of Hispanics in Pilsen has occurred within a dramatically different social and economic context than did that of previous immigrants (Kerr, 1976). Hispanics historically have experienced considerable difficulty becoming absorbed into the U.S. labor market (Briggs, et.al., 1977; Fogel, 1974; McWilliams, 1968; Reissler, 1976). In the Pilsen area, this difficulty has in recent years been aggravated by an actual decline in the types of industry that they have in the past successfully penetrated. While Pilsen continues to contain a number of employers, it has, like Chicago as a whole, lost substantial numbers of jobs in the last 20 years. Although no data is available for the Pilsen community, per se, the Mid-Chicago Industrial Development Area, which contains Pilsen, lost 400 companies and more than 70,000 jobs between 1955 and 1965 (Mayor's Committee, 1970).

In January and February of 1975, the Economic Development Commission (EDC) of the City of Chicago conducted, as part of a broader study, a survey of 39 representative industrial employers in Pilsen. Called the Pilsen Industrial Survey, it was administered by a research team under the authors' supervision.

A profile of the Pilsen labor force was constructed through examination of job placement information obtained from four Pilsen employment agencies. Their clients were largely Mexican-American, and were placed in service and manufacturing jobs paying approximately $3.00 an hour. In 1975, the average wage-scale of placements for the four agencies was $3.25, $3.00, $2.80, and $2.75. Incoming applicants reported annual earnings that averaged $3,000 to $4,000: after placements by two of the agencies, average income was $6,942 and $7,020. Common jobs included punch press operator, assembly work, packing, warehousing, and dock work. The average job tenure was between one and two years. (This is only a rough estimate since the employment agencies did not gather follow-up information for more than six months after placement.)

Survey findings supported our view that there was in Pilsen an industrial labor market with employment opportunities potentially available to the local labor force. Even though Chicago was deep in the trough of the 1974-1975 recession, only 15 percent of the firms interviewed reported any layoffs. In fact, 25 percent were planning to expand their workforces. Twenty-five percent also reported high turnover rates in unskilled jobs. Although no firms reported particularly high turnover rates in the more skilled occupational areas, the skilled workforce was a relatively senior one approaching retirement. Forty-one percent of the firms reported difficulty in obtaining skilled workers.

Analysis of industrial survey data, shown in Table 1, reveals that Pilsen industries employed only small numbers of residents, most often in unskilled jobs. This is the contradiction our research addresses: a resident population in need of work and industrial employers obtaining workers elsewhere. The evidence, which we shall explore in the next section, points to both skill deficiencies and discrimination as explanations for this low level of employment.

TABLE 1
Employment Pattern for Pilsen Residents In Pilsen Firms

Distribution in Pilsen Firms		Skilled Employees		Unskilled Employees		
# of Firms	% Pilsen Resident Employees	# of Firms	% Pilsen Resident Employees	# of Firms	Numerical Category	Total
6	0	11	38	15	<25	(134)
19	1-25	20	0	4	26-50	(145)
7	26-50	--	--	2	50-100	(110)
2	51-75	--	--	1	>100	(222)
0	76-100	--	--	--	--	---
			38			611

Comparison of Totals

Pilsen Resident Employees		General Labor Force
Skilled Employees	38	829
Unskilled	611	551
Clerical	59	325

Source: Pilsen Industrial Survey

III. BARRIERS TO EMPLOYMENT

1. The Elements of an Analytical Model

Social scientists tend to propose social facts, such as barriers to employment, as either conditions of the individual or as elements of the general set of institutions and social practices. Tussing (1975), for example, makes a distinction between case (individual) and generic (structural) theories of poverty. Case theories of employment barriers would include, for example, the human capital model (e.g. Becker, 1971), the skill mismatch hypothesis (e.g., Kain, 1975), and the culture of poverty thesis (e.g., Valentine, 1968). Generic theories would include the dual labor market (e.g., Piore, 1975), dual economy (e.g., Tussing, 1975), and job competition (e.g., Thurow, 1975) models.

Although common sense suggests that social phenomena result from the interaction of social structure and individual behavior, Warren (1971), Mier (1975), and Bernstein (1978) have observed that common sense is not present in most major policy paradigms which tend to emphasize either social structure or individual behavior. For example, evaluations of employment and training programs have, like the programs themselves, primarily focused on the characteristics of the individual trainee as determining whether or not a placement is likely to be successful. Further, the particular characteristics of the training organization are considered influential in the ultimately successful placement of an individual trainee. In a recent review of 265 evaluations of training programs, Perry and Anderson (1975), find no case of an evaluation's taking into account the strength or weakness of barriers to employment in local labor markets, the characteristics of jobs in which trainees are placed, or the characteristics, including cultural biases, of employing institutions.

In analyzing barriers to employment, then, we begin with the theoretical proposition that there is relative validity in both the case and the generic arguments about the causes of poverty. We expect that skill deficiencies will account for some of the employment difficulties of Pilsen residents, but that a full explanation will involve such social structural considerations as formal and informal institutional practices. We will, in the next sub-section, review other empirical studies on labor market experiences of Mexican-Americans, focusing on specific, measurable case and generic attributes that have shaped those experiences.

2. Model Specification

In the studies we reviewed, the most frequently cited measurable attribute affecting the economic progress of Mexican-Americans is educational attainment, measured as years of schooling (Bullock, 1970; Fogel, 1966; Katzman, 1969). Others include age (Ramirez, 1970), family position (Weaver, et.al., 1973; Mirande, 1977), family size, (Bean, et.al., 1977), health (Santos, 1977), proficiency with English (Chicago Sun-Times, 1978), race (Niemi, 1976; Long, 1977; Fogel, 1966), and sex (Fogel, 1966). No studies made of Mexican-American employment patterns attempt to consider any clearly structural conditions of employment aside from racial or sexual discrimination. However, another study under our supervision found that several measures of the structure of job opportunities are significant determinants of the likelihood of an individual being subemployed (Fung, 1978). Paralleling the work of Harrison and Rein (1975), we found that previous employment in a low wage industry or occupation significantly explained the current likelihood of being subemployed, a finding that reinforces the dual labor market hypothesis. Neither of these studies focused on the work experiences of Mexican-Americans.

Having studied the available theoretical and empirical literature on the subject of Mexican employment patterns in U.S. industry, we set out to test the hypotheses we derived from this literature using Pilsen as our data base. In our research we used a data set developed by the City of Chicago's Mayor's Office of Manpower, the local CETA prime sponsor. Their Management Information System, called MOMMIS, catalogues every recipient of services since 1976 and records a variety of information on both them and the services which they receive. The information includes personal data such as education, employment, earnings history, types of employment and training services received, and information on final employment placement by type and location. From this population, we created a working file consisting of 407 individual cases serviced during 1976 and 1977. This subpopulation contained individuals who resided in Pilsen and were placed in jobs outside Pilsen; residents of Pilsen placed in jobs inside Pilsen, and non-residents of Pilsen placed in jobs inside Pilsen. Descriptive characteristics of the sampled group are presented in Table 2.

TABLE 2
Subgroup Profiles

Demographic Characteristics	Live In, Employed Out		Live In, Employed In		Live Out, Employed In		Total	
	#	%	#	%	#	%	#	%
Age								
<25	114	50	27	44	32	27	173	43
25-30	43	19	16	26	46	39	105	26
30-35	25	11	5	8	14	12	44	11
>35	45	20	14	22	25	21	84	20
Sex								
Female	109	48	33	53	66	56	208	51
Male	118	52	29	47	52	44	199	49
Marital Status								
Married	111	49	23	37	55	47	189	46
Other	115	51	39	63	63	53	217	54
Ethnic Background								
Black	11	5	7	11	59	50	77	19
White	23	10	12	19	11	9	46	11
Other	191	84	43	69	48	41	282	69
Hispanic								
Mexican	171	84	40	92	29	62	230	79
Other	20	16	3	8	19	38	52	21
Handicap								
Yes	2	1	1	2	6	5	9	2
No	225	99	61	98	112	95	398	98
English								
Yes	50	22	4	6	11	9	65	16
No	177	78	58	94	107	91	342	84
Years Gainfully Employed								
<5	152	67	50	81	76	64	278	68
5-10	55	24	10	16	31	26	96	24
>10	20	9	2	3	11	10	33	8
Labor Force Status								
Employment	7	3	3	5	7	6	17	4
Unemployed	220	97	59	95	111	94	390	96
Education (Years Completed)								
1-8	57	25	10	16	20	17	87	21
9-12	134	59	40	65	76	64	250	61
13-14 (College)	14	6	5	8	8	7	27	7
15-16	20	9	7	11	13	11	40	10
>16	2	1	--	0	1	1	3	1
Family Size								
≤ 4	127	56	44	71	86	73	257	63
> 4	100	44	18	29	32	27	150	37
Number of Children								
≤ 1	127	56	41	66	70	59	238	58
2-3	57	25	14	23	33	28	104	26
> 3	43	19	7	11	15	13	65	16

Training Related Jobs								
Yes	132	58	35	56	70	60	237	58
No	95	40	27	44	48	40	170	42
TOTAL	227	56	62	15	118	29	407	100

The MOMMIS subfile, hereafter called the "Pilsen sample," contained sufficient information to identify independent variables mirroring the prevailing research on labor market experiences of Mexican-Americans as well as additional measures of individual or structural conditions. These variables, twenty in total, are presented in Table 3. In specifying a mathematical model that would enable analysis of barriers

TABLE 3

Variables

Symbol	Explanation
PJP	Placed in a Job in Pilsen (1 = Placed, 0 = otherwise)
SW	Starting Wage (Dollar Per Hour)
ED	Education (Years of Schooling)
AGE	Age (Years of Schooling)
MAR	Marital Status (1 = Married, 0 = Otherwise)
NF	Family Size
ND	Number of Dependents
H	Health (1 = Handicap Present, 0 = Otherwise)
ENG	Limited Command of English (1 = Yes, 0 = No)
YGE	Years Gainfully Employed Before Training
LFST	Labor Force Status Before Training (1 = Employed, 0 = Otherwise)
PAS	Public Assistance Before Training (1 = On Public Assistance, 0 = Otherwise)
B	Black (1 = Yes, 0 = No)
SP	Hispanic (1 = Yes, 0 = No)
O	Other (0 = White, Black, or Spanish, 1 = Otherwise)
S	Sex (1 = Female, 0 = Male)
M	Migrant (1 = Yes, 0 = No)
PR	Place of Residence (1 = Resides in Pilsen, 0 = Otherwise)
CJT	Completed Job Training (1 = Yes, 0 = No)
LWO	Placed in Low Wage Occupation, defined as an occupation whose national median hourly wage was lower than the hourly equivalent of the BLS lower family budget (1 = Yes, 0 = No)
LWI	Placed in Low Wage Industry, defined as an industry whose national median wage was lower than the hourly equivalent of the BLS lower family budget (1 = Yes, 0 = No)
BJ	Bad Job, defined as a low wage occupation in a low wage industry (1 = Yes, 0 = No)
TRJ	Training Related Job (1 = Yes, 0 = No)

to employment, we specified two dependent variables. The first was a dummy variable identifying whether or not an individual was placed in a job in Pilsen. Eighty-four percent of the people in our sample living in Pilsen and placed in a job outside of Pilsen were Hispanic, and 68 percent of the total Hispanics in the sample were placed outside of Pilsen. Therefore, we expected in advance of the analysis that attributes corresponding closely with the event of not being placed in a job in Pilsen would capture a racial effect. The second dependent variable we used was wage levels.

To analyze the interrelationships between these variables, we completed the model specification process by delineating two statistical models. In the model with wage levels as the dependent variable, a linear relationship was specified and parameters of the model were estimated using Ordinary Least Squares (OLS) Multiple Regression. In the model with placement in Pilsen as the dependent variable, a linear relationship was again specified, however, parameters were estimated using Probit Analysis.

3. Findings of the Pilsen Models

We earlier hypothesized that both case and generic explanations of employment barriers had validity, and both our statistical models support that contention. The results of the Probit Analysis are presented in Table 4. The estimate divided by the Standard Error has approximately a "t" distribution. Thus, we see that seven of the 20 variables in the model are significant at approximately a 90 percent confidence level or greater. The overall equation, with a -2 x log likelihood ration of 161.68, is significant at better than a .001 level.

The most significant variable regarding the likelihood of an individual being placed in a job in Pilsen was the variable "Training Related Job," capturing the correspondence between vocational training and placement. From our interviews with four organizations in Pilsen that provide training or placement, we know that the local organizations are trying to penetrate the Pilsen labor market. This finding suggests that they might be delivering too limited a range of training services. In addition, being black creates a significantly better opportunity for employment in Pilsen. When viewed in conjunction with the significance of training related jobs, this suggests that blacks may be receiving more effective vocational training than Hispanics. We will return later to both of these questions.

The variable "Hispanic" was not significant, a not unexpected finding given the nature of the sample. Any variable correlating negatively with the dependent variable probably captures the Hispanic racial effect. The second most significant variable was "low wage industry," which did correlate negatively with the dependent variable. In addition to a racial effect, the significance of this variable emphasizes the relatively better employment opportunities available in Pilsen. Analysis of the actual industries represented in our sample shows a preponderance of service industry placements outside of Pilsen and manufacturing placements within. There is a temptation to treat Pilsen jobs as relatively better; however, the insignificance of "years gainfully employed," capturing the experience effect, causes us to be tentative about such an

TABLE 4

Probability of Being Placed in a Job in Pilsen (PJP) Probit Analysis

Dependent Variable (PJP)

Independent Variables (Individual Attributes	Maximum Likelihood Estimate	Standard Error	Estimate/ Standard Error	Appropriate Level of Significance
ED	0.057	.030	1.870	.100
AGE	0.002	.011	0.247	--
MAR	0.089	.170	0.524	--
NF	-0.088	.036	-2.460	.050
ND	0.027	.045	0.603	--
H	-0.174	.504	-0.344	--
ENG	-0.206	.218	-0.947	--
YGE	-0.005	.019	-0.273	--
LFST	0.333	.378	0.895	--
PAS	-0.518	.275	-1.870	.100
B	0.695	.320	2.160	.050
SP	-0.438	.274	-1.590	.200
O	-0.882	.657	-1.340	.200
S	0.363	.161	2.280	.050
M	0.086	.724	0.119	--
CJT	0.078	.168	0.467	.001
TRJ	0.670	.172	3.870	--
LWO	-2.300	.453	-0.508	--
LWI	-1.390	.472	-2.930	.010
BJ	-0.140	.518	-0.270	--
Constant	0.572	.673	0.850	

(-2.0) x Log Likelihood Ratio = 161.68

Degrees of Freedom = 20

assertion. The dual labor market and dual economy models propose that minorities would be more likely to find employment in low wage, peripheral, (frequently) service industries, a proposition reinforced by this finding (Moore, 1976). Further reinforcement is derived by observing the significance, with a negative sign, of an individual being on public assistance before training; this suggests a chain for Mexican-Americans going from welfare, to training, to work in a low wage industry located outside of Pilsen (Harrison and Rein, 1975).

The remaining significant variables are not surprising. To the extent that placement in Pilsen does represent a better employment outcome, the negative significance of family size corresponds with a general finding that Mexican-Americans with smaller families are less likely to experience conflict between traditional, family-oriented and work-oriented values, hence are more likely to find greater work satisfaction (Bean, et.al., 1977). Education is positively significant, although among the total set of significant variables, it explains less of the variation in the dependent variable. Finally, sex is positively significant, suggesting that to the extent discrimination against Mexican-Americans exists, it is not as severe against women as against men. In the OLS Regression Model with starting wage levels as the dependent variable, presented in Table 5, nine variables are significant at a .1 level or better. The entire equation is significant at a .01 level with R^2 of .26. The findings from this equation reinforce those from the Probit Model. Work in a low wage industry is no longer significant; however, its effect is probably captured by "bad job." The significance of "place of residence" and its high correlation with "bad job" emphasize that even those Pilsen residents who do penetrate the local labor market are occupying the same type of poorer jobs as those who go outside of Pilsen for work. In the OLS model, language problems enter as a significant correlate of low starting wages. The variable "Hispanic" again is not significant, but its effect is captured by place of residence and language. Finally, there are some contradictory findings among the set of variables capturing family effects. In future work, these could probably be sorted out if the variables were interacted with race.

4. Summary--Barriers to Employment

Several conclusions can be drawn at this stage of our analysis. First, there is no doubt that skill deficiencies exist, particularly in terms of language and education, and that these deficiencies seriously harm the employment opportunities of many Mexican-American Pilsen residents. Furthermore, there is some evidence of skill mismatches. After equalizing language and educational deficiencies, Pilsen training programs seem to be missing an opportunity to provide the precise sort of skill training that would enhance the opportunity for employment in Pilsen. However, as important as skill shortfalls and mismatches are, they account for only part of the problem.

Discrimination appears to be a second major factor inhibiting local employment opportunities for Pilsen residents, although at this

TABLE 5

Multiple Regression Analysis

Dependent Variable is Starting Wage (SW)

Independent Variables (Individual Attributes)	Estimate	Standard Error	T-Value	Appropriate Level of Significance
ED	010.59	03.53	3.00	.01
AGE	001.01	01.31	0.77	--
MAR	044.14	10.17	2.30	.05
NF	-008.94	03.94	-2.27	.05
ND	011.39	04.92	2.31	.05
H	-029.91	58.97	-0.51	--
ENG	-045.56	24.69	-1.85	.10
YGE	002.20	02.05	1.07	--
LFST	021.19	42.35	0.50	--
PAS	-006.74	31.31	-0.21	--
B	004.97	38.66	0.13	--
SP	-002.99	34.64	-0.09	--
O	036.90	65.92	0.56	--
S	-056.76	18.09	-3.14	.01
PR	-066.58	22.94	-2.90	.01
CJT	012.30	18.69	0.66	--
TRJ	074.38	20.08	3.70	.01
LWO	-004.43	47.48	-0.09	--
LWI	069.32	51.13	1.36	.20
BJ	-116.60	56.97	-2.05	.10

Intercept	253.030
R-Square	.260
F Value	6.490
Significance	.001

Degrees of Freedom = 21

point in our analysis, the discrimination process is murky. We find, rather than statistical discrimination (Arrow, 1973), evidence of systematic linkages between residence in Pilsen and employment in low wage industries outside of Pilsen, a pattern which resembles a dual labor market process.

Our analysis so far has focused primarily on labor market outcomes as clues to the types of processes, such as discrimination, which effect those outcomes. In the next section, we begin to directly address the decision processes by which these outcomes are arrived at.

IV. THE CASE RE-EXAMINED

The previous section suggested that skill deficiencies and discrimination restrict Pilsen residents from penetrating the local labor market. Following the work of Marshall (1974), the purpose of this section is to analyze the role of key actors in the labor market decision process, their perceptions, and the formal and informal norms and social practices affecting their behavior. We will focus particularly on employers, unions, and training and placement organizations. We will find that skill deficiencies, skill mismatches, and discrimination are not sufficiently elaborate accounts for the outcomes we observe; and that informal social processes of recruitment, which systematically steer non-residents to Pilsen and Pilsen residents out of Pilsen, also must be examined.

1. Skill Deficiencies

The Industrial Survey revealed that Pilsen industries have difficulty recruiting skilled personnel. Sixteen firms (41 percent) found it difficult to fill skilled and clerical positions, whereas only five firms had problems recruiting general labor, and two recruiting managerial personnel. Employers had particular problems securing female help. English language deficiences and low skills were cited by the industrialists as reasons for the poor labor market performance by Hispanics. Nineteen (48.7 percent) of the sample firms perceived language as a problem in recruiting Pilsen workers, while thirteen (33.3 percent) cited low skill levels. Only two firms (5.1 percent) claimed that low worker motivation was a problem, and only three cited high absenteeism. Both employment agencies and most Pilsen industrialists are satisfied with the work motivation of Hispanics.

Pilsen employment agencies address the language problem in two ways. First, the agencies refer incoming applicants to English as an Second Language classes conducted throughout the community. However, they find that many of their students are already motivated and interested in improving their position. In many instances, these people already have jobs, often poorly paying. The second method is to find jobs for applicants in positions where they can work next to a bilingual person, and thus learn the job tasks independently of learning the langugage. Only a few employers have these kind of arrangements, however, Hispanics who cannot fill out the initial application forms in personnel offices are the one group that the employment agencies feel impotent to help. These workers have to settle for the worst jobs or none at all.

Pilsen residents lack both the educational and job related skills that are necessary for more successful labor market experiences. For example, in January and February of 1976, half of the applicants at one Pilsen employment agency had not finished elementary school, and only 13 of 139 had finished high school. At another agency, 3 percent had finished high school, and 93 percent were high school drop-outs. An employment agency director stated that the high school graduates "often can't read, can't speak English, and can't do math." One employment agency used the national occupational code to rank job placements. "Zero" represented professional level positions and the "900s" the least skilled jobs. Their placement record showed very few "0s," "100s," and "200s". All of the "0-800s" taken together equaled the numbers of "900s" filled.

2. Discrimination

The observations of Pilsen industrialists about residents reflect a delicate balance between objective assessment and discriminatory beliefs. The same is true of the local unions. One Pilsen industrialist, for example, stated his experience with the unions: Our workers used to be all European; and they were all members of the same union. Now all the European workers have moved out of the area. The same unions operate with the same restrictive hiring practices. So even if we wanted more Spanish-speaking workers, which we do, there's no way for them to get into the craft unions. The interviewed employment agencies indicated that they unsuccessfully had tried to establish cooperative linkages on Hispanic employment issues with such unions as Graphic Arts Workers, Carpenters, Electrical Workers, and Teamsters.

An advocacy employment organization specifically chose the construction industry for its anti-discrimination strategy because it had the highest trade wages and a very low proportion of Hispanics. (Equal Employment Opportunity Commission, 1977). According to the employment director, 92 percent of current construction projects are in some way government funded, and must be in compliance with the equal employment opportunity guidelines. The director called attention to the sheetmetal workers as a case in point. They are supposed to have 33 percent minority membership, but the director observed that enforcement of this percentage was difficult. The employment group has assumed a watchdog role to oversee enforcement efforts.

Aside from employers and unions, another important actor in the Pilsen labor market decision is the employment, training and placement center. The next section will examine its efforts.

3. Training and Job Placement

Placement data from the four Pilsen employment agencies shows that 13,640 people, most of whom were Mexican-American, applied for employment assistance in 1975. Of this clientele, 1250 people were placed in jobs. This is a low figure. The 1975-1976 economic recession probably reduced the placement ratio compared to previous years; (however, difficulties in establishing contacts with Pilsen industries and the industries' dissatisfaction with referrals also account for the low placement figures.) One employment agency, for example, sent out 100 letters to companies but received only ten responses. On the other hand, several Pilsen firms complained that referrals from Pilsen employment organizations either did not show up or were not qualified. It must be noted, though, that several firms have developed a beneficial working relationship with the local employment services.

Job placement organizations in Pilsen also offer training programs in the community. Some of these focus on more general educational development, such as GED; our research, however, concentrated on vocational training programs. For example, the Illinois State Employment Service (ISES) operated a pre-apprenticeship program set up by the Board of Education and the CETA Prime Sponsor Trainees received a $70/week stipend for the 40 week program. Industrial schools in the Chicago area cooperated with the program by accepting applicants to fill underenrolled classes. ISES paid both tuition and training allowance for the training of (for example) television repairmen and auto mechanics. Other examples include a community agency operating a nursing assistants training program for a nearby hosital; and more recently, a local development corporation conducting construction training program for area youth.

Parallel to, and sometimes in conjunction with, these placement and training efforts, other Pilsen community organizations have increased pressure on a variety of institutions to hire more Hispanics. Jewel, A & P, St. Lukes Presbyterian Hospital, the Chicago Transportation Authority, University of Illinois, Chicago Fire Department, and City of Chicago have been the main targets of this pressure. Using confrontation organizing techniques, the Pilsen organizations have forced these institutions to recognize the growing Hispanic population in Chicago and acknowledge a responsibility to provide equal employment opportunities. This approach, in conjunction with placement and training, reflects a growing awareness on the part of the Pilsen community that employment is the key issue for community development.

These Pilsen employment efforts, however, provide only a limited linkage to firms in Pilsen itself. The placement, training and advocacy programs center upon service and institutional type employment such as clerical, hospital work, commerical and public service, as well as employment in the building trades. This strategy makes sense in that these types of employment opportunities are expanding, and that publicly funded institutions are legally responsible for implementing affirmative action hiring for minorities. But most of the job opportunities in these two sectors are located outside of Pilsen. The skilled jobs in Pilsen firms appear to require broad vocational or mechanical knowledge rather than specific skills such as typing or nursing. Tapping these employment opportunities would require craft and mechanical vocational training programs and a more aggressive job placement.

4. Recruitment for Pilsen Jobs

The training and placement actions of Pilsen employment agencies are not limited to overcoming skill deficiencies and discrimination. Another whole range of activities addresses formal and informal mechanisms of recruitment and suggests the presence of important, non-market processes of economic integration. The processes, which we will now examine, are more difficult for the agencies to delineate, hence their actions are less consistent and effective.

There are two major mechanisms that enhance the opportunities for non-residents of Pilsen to capture Pilsen jobs and constrain Pilsen residents themselves from doing so. The first, discussed earlier, is the formal hiring practice of unions, particularly in opening their apprentice programs. A less formal barrier to employment of Pilsen residents emerges from recruitment practices. The central means for recruitment used by the Pilsen industries is personal contacts and word of mouth. Newspapers and employment agencies are used less. A Mexican-American worker at a large factory in Pilsen explained to us how recruitment operates:

> When a job opens, word is passed on to sons and nephews, most of whom are now living in the suburbs. I'm one of the few Latins working there only because my father broke in during the war (World War II).

This "informal mechanism" for hiring helps keep Pilsen residents from taking advantage of employment opportunities in Pilsen firms.

According to the Industrial Survey, personal contact accounts for 44 percent of employment recruitment. Included in personal contact are off-the-street applicants and persons referred by word of mouth. Twenty-five percent of the industries surveyed use newspaper advertising as a means for job recruiting, while only 16 percent use employment agencies. Our field research shows that recruitment methods seem to vary with the type of worker desired. Personal contact seems to be more directed towards the recruitment of unskilled labor, while want-ads are used to attract clerical help. In addition to advertisements in major newspapers, employers also place advertisements in papers with smaller, more selective circulations outside of Pilsen. Among those mentioned were "The Bridgeport News," "The South Town Economist," and "The West Side Times."

Only to a limited degree do personal contacts operate through the formal placement system. The Illinois State Employment Service was the placement organization found to maintain the highest frequency of personal contact with Pilsen industrial employers. It is important to note that the local ISES office serves a much larger area than Pilsen, and has links with other ISES offices serving the entire metropolitan area. Thirty-nine percent of all reported job contacts are made by the ISES. Community non-profit organizations are second, with a 20 percent frequency figure. Third are private employment agencies, which accounted for 17 percent of contact activity.

Among the community non-profit organizations named by employers as having made contact with them are Gads Hill, Tri-Faith, Pilsen Neighbors

The Urban League, the Greater Lawndale Organization, Back of the Yards Council, Centro de Empleo, the Jewish Vocational Service, and SER. Out of all of these organizations, Pilsen Neighbors and the Gads Hill Employment Agency were the two most frequently mentioned.

These contacts between employment services and industry, while important, are minimal in comparison with the union and employment practices which make opportunities for jobs in Pilsen more accessible to outside applicants than to residents. These processes mirror the mechanisms that encourage job placement outside.

5. Recruitment of Pilsen Residents

Analysis of the Pilsen Industrial Survey, elaborated in Section II, reveals that Pilsen residents are less likely to obtain jobs in Pilsen than non-residents, and that both case and generic factors contribute to this outcome. This situation is caused, in part, by the minimal links between Pilsen industries and Pilsen employment organizations. This minimal linkage, in turn, is a result of both the recruitment practices utilized by the industries and by the lack of attention paid by local employment groups to Pilsen industrial employment opportunities.

Conversely, there is a significant factor which encourages the placement of unskilled Pilsen workers outside the area. This is the abundance of undocumented workers in Pilsen (Mier, et.al., 1979, Midgley, 1978). Undocumented workers are usually hired in secondary type industries that require a cheap and docile rather than a skilled workforce (Briggs, 1976). The placement of undocumented workers by Pilsen employment agencies may partially explain the placement dichotomy evident in the previous analysis.

Pilsen residents traditionally have had difficulty finding jobs which pay more than $3.00/hour. Because there is a continual influx of Mexicans into Pilsen, a stereotype has developed depicting Pilsen as an endless source of cheap labor, of "illegals" willing to work for a low wage. From discussions with the staffs of employment agencies, one begins to compose a picture of the grapevine through which people and jobs find each other amid the confusion of the Chicago industrial labor market. Certain firms are known for hiring undocumented workers. Though the figures are not available in public records, wages for the workers are as low as $1.50/hour. Numerous employment abuses of undocumented workers were cited in interviews with Pilsen employment service staff members.

Various government policies aimed at stopping undocumented workers from getting jobs in this country seem to have had a mimimal impact. As one employment director put it, "They can't get food, medical assistance, or jobs, but they're still here." Usually, jobs are in restaurants or small local businesses, paying an average of $2.00/hour.

It is clear that undocumented workers constitute a significant portion of the Pilsen labor force and of the clientele of Pilsen employment agencies. The fragility of their "illegal" status, and in, general, their lack of skills and command of English, force them into unskilled and low wage jobs. Further, it is evident from discussions with staff persons in Pilsen employment agencies that most fims that hire undocumented workers are located outside of Pilsen. Although this hypothesis cannot be substantiated quantitatively at this point, owing to the extreme difficulty of interviewing the undocumented workers themselves in the prevailing climate of harassment and suspicion, it seems likely that the presence of undocumented workers help determine the employment placement dichotomy found in this research.

The continued migration of undocumented workers to Pilsen is in response to both push and pull factors in Mexico and the United States. Any strategy aiming to address this issue, then, must extend beyond the confines of Pilsen. Other evidence strongly suggests that the plight of undocumented workers affects not only their employment, but also their housing, health, and education (Midgley, 1978). Furthermore, it seems that any stereotype of Mexican-American workers in Pilsen is shaped by the attitudes and behavior of undocumented workers. Therefore, a comprehensive employment strategy in Pilsen must focus on the undocumented worker issue if it hopes significantly to alter the unemployment and underemployment of Pilsen residents.

V. CONCLUSIONS

The findings of this research have implications relevant both to Pilsen in particular and to the broader question of labor markets in general.

1. The Pilsen Labor Market

Our analysis has shown that Pilsen residents are more likely to work outside of Pilsen in low wage industries than with local firms offering higher quality employment opportunities. Furthermore, even when employed by Pilsen firms, Pilsen residents are overrepresented in the unskilled occupations. We have concluded that skill deficiencies (particularly in English language and education), skill mismatches, and discrimination partially account for the weak link between community and industry. However, we have also noted that the placement and training activities of Pilsen employment agencies are not presently conducive to strengthening this link: they are focused on job opportunities within the construction, service, and institutional sectors rather than in the varied manufacturing sector of Pilsen. To address these types of employment needs, a broader approach to vocational education is necessary. Finally, although local organizations recognize the existence of discrimination, they have been unable to translate their knowledge into an effective strategy for the Pilsen area.

The implementation of a local job strategy in Pilsen appears to have potential for securing Pilsen residents additional employment opportunities. To be effective, though, this strategy must involve both the community and the local industries; skill training must be complemented by the transformation of discriminatory hiring practices. Although we believe that this type of progress could significantly change the present pattern of job placements and help Pilsen residents, it ultimately must be matched by a deeper appreciation of some of the unique labor market processes that characterize the Pilsen labor market. The balance of our conclusions, then, are addressed to the issue of informal networks and the Pilsen labor market.

2. A Contribution to the Theory of Labor Markets

A central finding of this study is the presence of informal information networks which systematically steer many Pilsen residents into jobs outside of Pilsen, and which, in steering non-residents into Pilsen jobs, limit the ability of Pilsen residents to penetrate the local industry. Current theories about labor markets are unable to explain the operation of this pattern. The theory of "external" labor markets focuses on two types of decision processes clearing the labor market, both of which, in Polanyi's (1968) terms, are "exchange" processes. The first is the neoclassical bargaining process between employer and worker. Second, Marshall (1975) stresses additional actors--sub-groups of workers, unions, government agencies, etc.--as well as additional bargaining objects--for example, status and power. Modern political economists, like Ilchman and Uphoff (1971), identify this expanded decision model as one still based on an exchange of resources, now more political.

In shifting the focus from "external" to "internal" labor markets, first Kerr (1950) and, more recently, Deoringer and Piore (1971), have emphasized the presence of formal subsectors of the labor market within which rules and tradition begin to play an increasingly important role. Within an internal market, advancement need not be based solely on market or exchange relations. For example, a worker's reward for loyalty, often labeled "seniority," may be favored conditions for advancement. We believe that this is more often an example of what Polanyi would call a pattern of "reciprocity," where the mutual obligations of two parties are based on well defined, traditional social customs.

Kelleberg and Sorenson (1978), identify two types of internal labor markets--one identified with a firm or establishment and another identified with a particular occupational group. In each case, the market is characterized as an adminstrative unit with formal rules and procedures. The essential distinction, then, between "internal" and "external" labor markets is that the first places relative importance on rules, the second on market forces.

We believe that these dominant conceptions of the labor market leave unexplained important phenomena occurring in the Pilsen labor market decision process because they do not take into account one of its key elements--the informal communications networks steering people to jobs. Regional economists have observed similar networks operating interregionally and affecting location decisions through migration patterns (Lee, 1966). Sociologists are also beginning to study these networks, which they call "weak tied social networks." For example, the pioneering work of Granovetter (1973, 1974) concluded that among professional men jobseekers the most important determinant in job choice was information derived from weak tied communications networks (see also

McLaughlin, 1973; Hareven, 1977). We believe that we have been observing the operation of just such networks in Pilsen.

The Pilsen social networks were not a preconceived object of our inquiry, and any conclusions about them are tentative. Nevertheless, they seem to be clear examples of weak tied social networks. They operate neither through a market exchange mechanism nor through sets of formal rules and administrative procedures. They seem driven by a sense of reciprocity motivated by ethnic loyalty, tradition, and benevolence. Although these propositions ought to be examined further, we think that they suggest the need to expand the notion of an internal labor market to include more socially defined units. They certainly reinforce Lowenthal's (1975) observation that the operation of a social economy, particularly in working class communities, has been largely ignored by economists and political economists in their overemphasis on a market economy as the dominant form of economic integration.

If additional research confirms the importance of weak tied internal labor markets, there will be a number of implications for public policy. Affirmative employment procedures, for example, require public disclosure of job availability; however, that disclosure as it presently exists is targeted at an aggregate female or minority population in such a way that there is no assurance that it intersects with important informal communciations networks. Employment and training programs assume the dominance of the market economy, and emphasize skills at the level of individuals and occasionally power at the level of training organizations. Although there are good reasons why it is often desirable to organize training services along racial or ethnic lines, such as through the OIC's of America or Operation SER, the operation of weak tied networks may add emphasis to multi-ethnic delivery systems. Further exploration of the policy implications of such networks ought to accompany further inquiry into their importance and mechanisms of operation.

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HISPANIC JOB SEARCH EFFORTS IN THE U.S.

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In recent years there has been a growing amount of research about the labor market experiences of Hispanic origin groups, but these studies have been mostly concerned with labor force participation and earnings.(1) These recent works are important not only for providing baseline information about a previously unexamined population, but also for identifying aspects which differentiate the Hispanic origin groups from other minority and non-minority populations. However, relatively little Hispanic labor market research has focused on the area of unemployment, job layoffs and subsequent job search. Garcia and Maldonada (1980) suggest that Hispanic workers are more vulnerable to economic downswings because they experience higher levels of unemployment than the Anglo population. Relatively little is known about job search efforts among Hispanics who may be experiencing disproportionately high levels or frequent spells of unemployment due to job changes or economic downswings.

Essentially, the existing job search literature deals with the efficiency of informational systems and economic considerations, especially pecuniary benefits and job mobility (Lippman and McCall, 1976). Human capital attributes have been incorporated into job search models, with particular attention given to job experience, educational attainment, and socioeconomic background.

Nevertheless, relatively little attention has been addressed to the job search experiences of Hispanic workers. Recent research on Hispanics in the labor market (Tienda and Neidert, 1980; Newman, 1978) suggests lower rates of labor force participation, lower earnings than non-Hispanic white workers, disproportionately lower occupational status, and a concentration in periphery sector jobs (Beck, et al, 1978). Moreover, the substantial diversity among the Hispanic subgroups, manifested in terms of immigrant composition, language preferences, and varied social origins, suggests the potential for substantially different labor market experiences compared to other minority and non-minority groups. Specific governmental programs (i.e., Project SER, the minority contractors'

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(1) The term, Hispanic, used in the paper represents the Spanish origin population in the United States. It includes: Mexican origin population, Puerto Rican, Cuban, Central/South Americans and other Spanish persons.

program, and OMBE) have identified Hispanics as a group characterized by different circumstances and needs than Blacks or disadvantaged white workers.

Accordingly, the focus of this research is on the job search methods utilized by Hispanics and the duration of their search periods. Stated another way, the basic question posed is: Among employed Hispanics, what factors lead them to seek other employment and how long are they likely to search? Utilizing the current findings in this field, a comparative assessment will be made as to the distinctiveness of the job search process of Hispanics. The specific areas of job search methods and duration will be examined by assessing their relationship with human capital skills and structural factors, including unemployment rates and labor force participation levels. The analysis will center on Hispanic males (16-64) in the labor force (2) and where sample sizes permit, contrasts will be made among the major nationality groups.

THE JOB SEARCH PROCESS

Four major aspects of job search behavior have been examined by previous scholars. They include: 1) circumstances leading to job search (i.e., quits, discharges, layoffs, etc.); 2) the methods utilized in job search (i.e., informational sources and systems); 3) the duration of search time; and 4) the pecuniary effects of search (i.e., reservation wage and exchange opportunities). Annually, the job search process involves 3 to 7 percent of the labor force (Rosenfeld, 1977a), a significant proportion of the working age population. There exist significant differences among job seekers both in terms of types of efforts undertaken to find work and in terms of expected monetary returns from alternative search procedures. In addition, the duration of job searches may be affected by the specific circumstances leading to termination of employment (layoffs versus discharges) as well as by the availability of contingent income during the search efforts.

Job Seeker Status

Three types of job seekers can be identified whose activities have different implications for their job search efforts and pecuniary rewards. There are job seekers who are currently employed while simultaneously seeking other employment (due to job dissatisfaction, better wages, career changes, etc.). Another group are those currently unemployed who are seeking work. The third type -- the discouraged worker -- is currently looking for work, but eventually ceases active, sustained job search after repeated failures in securing employment. Individuals who quit do so in exchange for some expected return (Barron and McCafferty, 1977). Bartel and Borjar (1977) found that quits significantly affect wage growths, particularly if workers have found other employment before leaving their current jobs. In general, little lapse time between jobs is experienced by quitters or job changers (Black, 1978). Workers who quit without prior on-the-job search not only experience smaller changes in wage rates than other job changers who do search in advance, but they appear to be less able to exploit existing market wage opportunities by switching firms than they would have if on-the-job search had been carried out (Black, 1978:223). Examining quit circumstances related to job search, potential job changers may search while holding their regular jobs or quit to intensify job search. Others may quit before undertaking job search. Employed job seekers are primarily concerned about high wages (34 percent), while 30 percent seek other jobs for better working conditions, bonuses or opportunities for advancement, and 10 percent looked due to expected job loss or layoff (Rosenfeld, 1977a).

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(2) The present analysis, in its exploratory scope, limits the investigation to male job seekers in the labor market. As relatively little is known about Hispanic job search, some comparative information is available for male job seekers. Therefore, this initial phase of research will focus on only males.

More is known about unemployed workers who are laid off. These workers will be more selective in their job search than employed workers because most have some expectation of being recalled (Barron and Wesley, 1980). If laid-off workers engage in job search and succeed in securing other jobs at lesser wages, usually these lower paid jobs are temporary (Barron and Wesley, 1980:392). A higher probability of recall reduces the possibility of gaining a wage greater than past wages through search (Fedlstein, 1975). Overall, unemployed workers engage in more intense levels of search during the initial period of unemployment. Based on a Bureau of Labor Statistics Special Survey, Rosenfeld (1977b) reported that 94 percent of the unemployed respondents had looked for work. The costs of search for unemployed workers generally decline with a growing economy (Lippman and McCall, 1976).

Characteristically, the discouraged worker encounters unattractive employment opportunities and high informational costs which result in his or her dropping out of active search. Discouraged workers differ widely in their characteristics. A disproportionate share of all discouraged workers are women (two-thirds). Two-fifths of all discouraged workers report either having searched for work in the previous four weeks or having had some job experiences (Hamil, 1979). Job search, couched in terms of cost factors, becomes a major impediment when individuals perceive high cost levels. The importance of job informational sources is critical for discouraged workers, because information about job opportunities plays an important role in the timing of job search. Varying implications for the interpretation of data as well as for policy making arise from the discussion of the different types of job searchers. Unfortunately, existing data does not enable the researcher to investigate in great detail all types. Yet, this still remains a critical area of clarification for the study of job search processes.

Job Search and Information

An optimal search strategy incorporates efforts which include both time and income. The searcher combines these factors to obtain good information about existing opportunities and alternative offers (Barron and Mellon, 1980). Ideally, the optimal search time should expand until the marginal cost of time equals the expected gain of search. Rosenfeld (1977a) examined alternative sources of job information among employed and unemployed job seekers. Overwhelmingly, direct contact with employers was the primary method (70 percent and 72 percent, respectively), followed by responding to classified ads (25 percent and 30 percent, respectively). Employed job seekers made notably greater use of public employment agencies than unemployed job seekers (26 percent and 10 percent, respectively). Finally, similar patterns existed between the groups in the use of friends and relatives as informational sources (18 percent and 15 percent, respectively). Most job seekers rely on several different job information sources, with direct employer contact used most. The mean number of sources varies from 2 (Bradshaw, 1973) to 4.2 (Rosenfeld, 1977b).

Although a high percentage of job seekers directly contacts employers, a resultant job offer does not always produce positive results among unemployed job seekers (Rosenfeld, 1977b). One-third of all job seekers with offers turn them down due to low pay, while another one-third refuse job offers due to unsatisfactory work conditions. Overall, males utilize professional employment agencies more than females, and Blacks use public employment agencies more than whites (Bradshaw, 1973). Males also use friends and relatives more as informational sources than do females (Bradshaw, 1973). Similarly, Blacks, blue-collar workers, and less educated workers make greater use of friends and relatives than whites, white-collar, and more educated workers (Corcoran, et al, 1980). No empirical studies about the job informational sources used by Hispanic job seekers exist.

Job Search Duration

A variety of factors have been identified as affecting both the duration of search and post-search wages (Lippman and McCall, 1976:361). Being employed affects this behavior because the opportunity costs of searching are higher for unemployed workers than for those employed. Also, the job opportunity effect will be greater for quitters who did not conduct an on-the-job search. A combination of human capital skills, job informational leads, and prior labor market experiences can shorten or extend a job search.

Several worker characteristics, including age, race, education, sex, occupation, and job experience, are hypothesized to affect the search time of Hispanic workers, but so also will regional residence because of the variation in economic development and industrial diversification, wage structures and population characteristics which differentiate broad geographic areas in the U.S. Barron and Mellon (1980:397) show that selectivity and, concomitantly, search time will increase with higher levels of educational attainment, age, and occupational status. Other studies have shown that greater reliance on formal informational sources is associated with the availability of a greater number of alternative earnings opportunities. The spatial density of wage offers and job opportunities will vary by residential location. That is, job seekers in the central city (SMSA) or non-central city (but in an SMSA) confront potentially different labor market structures. The relocation of manufacturing industries and corporate headquarters away from the core city (Harrison, 1974) has minimized employment opportunities for minority populations.

Another factor that affects the duration of a job search is the presence of additonal household members in the labor force who can provide other income sources. In addition, the availability of other income can extend job search or leisure time. If other household members start looking for work to make up the losses of the unemployed member, and especially if they are successful, then this will extend the job search time of the latter. Receipt of unemployment insurance is another factor that affects job search. Marston (1975) found 30 percent greater duration of job search among job seekers receiving unemployment insurance. Similarly, Ehrenberg and Oaxaca (1976) found that increases in unemployment benefits induced longer job searches for men and women as well as higher post-search wages for males. With economic resources, the job seeker can extend his/her search time in order to be more selective and thorough, or to purchase some leisure time.

The structure of the labor market and economic conditions also affect search time. The local unemployment rate represents vacancy rates and local economic conditions which could influence job search outcomes (Black, 1978). The effects of local market conditions and wage opportunities specific to the worker's skills will affect the length, intensity, and type of search he or she conducts while employed or unemployed. Recently Borjas (1980) has suggested that the proportion of minorities in the labor force can affect both the supply and demand sides of the labor market. It is these types of structural factors which generally influence the potential labor force participation rates and job search patterns of the unemployed.

The literature on job search has been fairly comprehensive regarding the major processes and influencing factors related to job search. But existing works which distinguish job seekers by gender, race, and occupational status do not provide significant insight about potentially different patterns among the Hispanic population. Based on existing documentation about occupational status and earnings differentials between Hispanics and non-Hispanic whites (Featherman and Hauser, 1978), levels of unemployment (Garcia and Maldonado, 1980), and the significance of English language proficiency (Tienda and Neidert, 1980), several researchable questions pertaining to job search issues emerge.

For example, do employment status, human capital skills and cultural characteristics affect the job search methods and search time of Hispanic workers in ways which differ from those of non-minority workers? If underutilization of effective job methods or over-reliance on certain types or methods (i.e., family/relatives, want ads) are patterns which suggest lower levels of job search success, then policy intervention strategies are conceivable. Similarly, if labor market conditions have a different impact on the job turnover of Hispanics, then appropriate policy actions can be conceived.

To recapitulate, this research paper represents an exploratory examination of Hispanic job seekers to determine whether previously identified variables similarly affect their job search behavior (methods and duration). Obviously, policy discussions about Hispanic labor market participation require some attention to their search behavior and outcomes. The policy implications could include improving the skills of job seekers, or efforts to reduce the cost of search.

DATA AND METHODS

The analysis is based on the 1976 Survey of Income and Education. This intercensal survey provides a substantial number of Spanish origin households, as the sampling design deliberately oversampled this group. Since job search behavior is a specialized aspect of labor market activity, the analysis is based on a subsample of the total number enumerated. Several sample restrictions are imposed to render our study group closely comparable to previous studies of job seekers. Because much more information has been collected about male job seekers than females, our analysis is restricted to Hispanic males aged 16-64, who looked for work during 1975. Individuals who were enrolled in school during the survey year are excluded from the sample.

Two types of job seekers are identified within these sample constraints. A total of 761 males who worked from one to fifty weeks and who spent at least one week looking for work comprise the bulk of our sample. An additional 101 men who spent one week or more in job search, but who did not work at all in 1975, are also included. Data limitations preclude distinguishing between types of job terminations (i.e., layoffs, quits, dismissals); thus the key screen is whether a person had looked for work.

The two dependent variables are operationalized in the following manner. Search methods constitute a dichotomous variable representing the use of either one to five search methods or no formal methods.(3) Search time represents the number of weeks the worker engaged in job search during 1975. The use of job search methods has been a dichotomous variable due to the censored nature of the job search methods used. A combination of human capital skills, ethnic status, structural factors, and additional income sources are used as independent variables. The human capital variables used include English language proficiency, operationalized as an additive index based on an individual's ability to understand and speak English, and educational attainment, coded in years. Two demographic characteristics introduced into the model are respondent's age and nativity. The specific nationality groups -- Mexican; Puerto Rican; Cuban and Central/South American; and other Spanish -- are represented by dummy variables.

Number of earners in the family and receipt of unemployment compensation are indicators of additional economic resources available to the job seeker. The amount of unemployment compensation received is not known. Finally, the structural factors hypothesized to influence labor market conditions are: the proportion Hispanic in the area labor market; the male labor force participation rate; and the male unemployment rate. Residential location (i.e., central city residence, SMSA residence, non-metropolitan residence) is not included as an independent variable due to missing data and protection codes for particular SMSAs.

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(3) The construction of the job search methods resulted in a dichotomous rather than cumulative variable. For Hispanic job seekers, the utilization of any of the five job search methods is very limited and does not lend itself to create a summated score of multiple job search methods.

Our expectation is that the combination of human capital skills, structural factors, and additional income and economic resources will influence the job search process. Wtih search time, the identified human capital skills should increase the duration of the search period, connoting greater selectivity and thoroughness of search. The structural factors of local unemployment rates and the proportion Hispanic represent both opportunity structures and the supply of workers within broadly defined markets. Higher average unemployment rates should prolong search time. Greater concentrations of Hispanic workers in the labor market will affect both the supply/demand characteristics of this labor pool, and possibly the climate of discrimination (Frisbie and Neidert, 1977; Blalock, 1967). Finally, the availability of greater economic resources (i.e., multiple earners in household, receipt of unemployment compensation) should extend search duration as well as expand the use of various job search methods.

RESULTS

A preliminary review of the demographic characteristics of Hispanic job seekers indicates a relatively young population and a proportional representation of all the major nationality groups in correspondence with census figures. Mexican origin males constitute the largest group (61.5 percent), followed by Puerto Ricans (12.8 percent) and Central/South Americans (11.3 percent). The mean age of the Hispanic job seekers is 31.3 years and their mean educational attainment is 9.9 years (see Table 1). Native born respondents comprise nearly two-thirds of the sample. Of the foreign born, nearly one-third received some of their education abroad.

Table 1

Sociodemographic Characteristics of Hispanics Job Seekers

Sociodemographic Traits	Mean (%)	Standard Deviation
Age	31.3 yrs.	11.8
Educational Attainment	9.87	3.6
% U.S. Born respondent	63.3%	
% Foreign Born who attended school outside U.S. (n = 316)	31.4%	
English language proficiency* (range 1-10)	3.81	3.99
Ethnic Background of Respondents:		
Mexican Origin (n = 530)	61.5%	
Puerto Rican	12.8%	
Cuban/Central-South American (n = 97)	11.3%	
Other Spanish (n = 125)	14.5%	

* The English language proficiency index was constructed by responses to the person's ability to understand and speak English. The range of response went from very well = 1 to none at all = 5.

Hispanic job seekers worked an average of 31.6 weeks in 1975 and experienced relatively long job search periods (16.0 weeks). This represents an average of 1.3 job search spells per worker. An additional piece of information regarding these respondents' labor market experiences is that 35 percent worked part-time for part of the year, for an average of 9.8 weeks. One possible explanation is that part-time work helps ameliorate the negative economic effects of unemployment.

A significant factor influencing the behavior of job seekers is the availability of alternative income sources when there are other earners in the household. Most Hispanic origin job seekers are from households containing at least one additional earner; for our sample, the average number of earners per household is 1.8. It is difficult to sort out the causes for the prevalence of multiple earner households. The loss of a job by a male may stimulate labor force participation of other family members, but the persistently low wages of regularly employed males could also be an explanation. Slightly less than one-half of our sample of unemployed males (44.5 percent) received unemployment compensation during 1975. Overall, these workers were involved in the labor market and pursued job search for sustained periods of time. Many had available other sources of income to facilitate the job search effort, although factors of family size and income levels could reduce both the efficiency of their use of job search information and their selectivity.

Job Search Methods

Once workers are involved in the job search process, they face a number of options for securing information about the job market. In the main, these methods include: directly contacting employers; checking classified ads; contacting either private or public employment agencies; or using friends or relatives as sources of job information. As indicated by the previous literature review, the use of multiple methods and direct contact with the employer are the predominant methods used by non-minority groups, although there is some variation by socioeconomic characteristics. Apparently, Hispanic job seekers do not respond to the conventional categories of job search methods. Only 19 percent of the respondents utilized any of the six methods identified, and very few individuals used more than one search method.

Table 2

Job Search Methods and Duration of Search for Hispanic Workers

Job Search Factors	%	N
Search Methods:		
Public Employment Agencies	8.7	75
Private Employment Agencies	1.0	9
Check Employer Directly	11.0	101
Check With Friends/Relatives	4.8	41
Place/Answer Ads	5.0	43
Did Something Else	3.0	26
Mean number of weeks looking for work for persons who worked (some) in 1975	35.2	761
Mean number of weeks looking for work for non-workers in 1975	16.4	101

Whereas direct employer contact is prevalent among non-Hispanic groups, this is not true for Hispanics. Only 11.7 percent of our sample contacted the employer directly. Previous studies (Rosenfeld, 1977; Bradshaw, 1973) report 70 percent of non-Hispanic white job seekers checking with the employer. The low utilization of public employment agencies by Hispanics in our sample (9 percent) is significantly lower than that reported in other studies. The remaining job search methods are even less utilized by Hispanics. Reliance on friends and relatives is equally common as answering want ads, but neither of these methods is prevalent among Spanish origin workers. The exceptionally low utilization of conventional job search methods suggests that Hispanic job seekers display atypical job search strategies. This finding is policy relevant in that it indicates some clear mandates for improving the success of Hispanic workers in securing jobs.

Now that some discussion has been focused on the pattern of job search methods, the relative importance of previously identified human capital, structural, and income source variables in determining job search outcomes will be evaluated in a multivariate analysis. Given the low utilization of any search method, a dichotomous variable representing use of one or more conventional search methods versus no method is used. A discriminant analysis uses independent variables identified previously. A stepwise approach is used so that independent variables are entered into the analysis on the basis of their discriminating power. Wilks' lambda criterion is used for computing statistical tests for the differences among the group centroids.

Table 3

Discriminant Analysis* Among Hispanic Workers Who Have vs. Have Not Utilized Job Search Methods

Independent Variable	Mean[1]/Mean[2]	Discriminant Coefficient	Wilks Lambda
Male Unemployment Rate	.061/.069	-.659	.9835
Cuban-Central/South American	.117/.091	-----	.9765
Perceived Unemployment Compensation	.459/.384	.333	.9723
Labor Force Participation Rate	.023/.021	.354	.9697
U.S. Born Respondent	.609/.640	-----	.9661
Mexican Origin Respondent	.609/.640	-.619	.9639
Puerto Rican	.116/.177	-.659	.9605
Removed from Discriminant			
Cuban-Central/South American			.9612
U.S. Born Respondent			.9623

Canonical Correlation .194

Chi-Square 32.902 @ .001

% Cases Correctly Classified Group 1 = 59.2% Group 2 = 62.2%

Overall Cases Correctly Classified 59.74%

* Discriminant analysis was conducted on two groups. The groups were divided into those Hispanics who had utilized some search method(s) = 1 vs. those who did not use any job search methods. The number of non-searchers was 698 and searchers equalled 164.

Five of the ten variables entered into the analysis are significantly related to the use of one or more of the identified job search methods. These are: male unemployment rate, receipt of unemployment compensation, male labor force participation rate, and two national origins -- Mexican and Puerto Rican. The standard discriminant coefficients represent the relevant contribution of each variable to the function. The coefficients associated with the unemployment rate indicate that this labor market condition is negatively associated with job search, suggesting a possible "discouragement" effect. Mexican and Puerto Rican origin workers are significantly less apt to participate in one or more job search methods than the reference group, other Spanish origin men, but this is not so for the Central/South American origin workers. A high level of labor force participation in a labor market encourages more job search on the part of Hispanic origin workers, as does the receipt of one or more forms of unemployment compensation. The latter two results appear to confirm results of previous studies which identify a positive association between labor turnover and labor market conditions conducive to the procurement of alternative employment.

Given the initial classification of the two groups (i.e., use of one or more search methods versus use of no methods), the discriminating variables produce a canonical correlation of .194 and a Chi-square of 32.902 (significant at less than .05). Slightly less than 60 percent of cases are correctly classified. For the non-users of search methods, 59 and 62 percent of users of job search methods are appropriately classified. That is, information about labor market structures (average participation levels, unemployment rates), and availability of unemployment compensation serve to discriminate users of job search methods. Interestingly, none of the human capital skills usually found to be associated with use of search methods prove to be important for Hispanics. Our results substantially deviate from those in the extent literature and suggest policy implications which will be elaborated at length below. Obviously, the role of informational systems and their use is central for understanding job search methods.

Job Search Duration

In addition to job search methods, the duration of search time is likely to be influenced by the same array of human capital and labor market characteristics. More empirical results exist to which the findings based on Hispanic males can be compared. The greater use of job search methods (and implicitly greater information about labor market opportunities) both enhance selectivity of job options and affect search time. Therefore, the dichotomous variable indicating utilization of job search duration. The dependent variable, search time, is operationalized as the number of weeks spend looking for work. The regression analysis is computed for two pooled groups of Hispanic job seekers: (1) those who had some weeks of work in 1975; and (2) those who did not work in 1975.

These two groups displayed somewhat different patterns of relationships among the independent variables. An initial difference is in the level of explained variation between individuals who worked in 1975 and those who did not. Yet, for the former group, a greater number of independent variables exerted significant effects on the duration of job search. Younger workers spend less time in job search, although the magnitude of the effect is small. More interesting is the negative influence of educational attainment on search time. Higher levels of educational attainment shorten the search time of workers, should they experience spells of unemployment. This may suggest the availability of more information among more educated Hispanics as well as a greater efficiency in their search efforts. Yet the extent literature suggests higher levels of selectivity, and thus, longer search time, as the level of education attained by job seekers increases.

Table 4

Job Search Duration and Regression Estimates of Human Capital Skills, Structural Parameters, and Other Related Factors Among Hispanic Workers

Independent Variable	(1) Metric Coefficient/ Mean (Std. Error/ Std. Deviation)		(2) Metric Coefficient/ Mean (Std. Error/ Std. Deviation)	
English language proficiency	.270 (.177)	.305 (2.99)	.412 (.711)	3.19 (20.63)
Age^2**	-.0015* (0006)	1141 (859)	.0064* (.0031)	976 (836)
Educational Attainment	-.479* (.149)	9.92 (3.68)	.0038 (.805)	10.45 (2.94)
% U.S. Born	-.149 (1.25)	.627 (.483)	-9.44 (6.15)	.654 (.478)
Mexican Origin	-.179 (1.34)	.629 (.483)	-.609 (5.68)	.555 (.499)
Puerto Rican	-1.33 (1.95)	.117 (.322)	-13.15 (8.02)	.198 (.400)
Cuban-Central/South American	-2.73 (2.08)	.113 (.317)	-19.78* (9.41)	.109 (.313)
Receiving Unemployment Compensation	4.71* (.920)	.445 (.497)	12.79* (4.65)	.416 (.495)
Male Unemployment Rate	59.81* (23.56)	.062 (.023)	59.96 (109.0)	.068 (.023)
Proportion Hispanic in Labor Force	29.75 (30.46)	.119 (.115)	83.11 (140.8)	.139 (.133)
Male Labor Force Participation Rate	9.34 (14.16)	.790 (.050)	78.02 (59.36)	.776 (.053)
Number of Earners in Family	-.244 (.426)	1.99 (1.06)	-3.14 (4.06)	1.05 (.973)
Use of Search Methods	7.13* (1.24)	.159 (.366)	.337 (4.06)	.446 (.499)

Constant	8.472	-31.46
R^2	.120	.343
F-Ratio	6.90	3.203
N	735	101

* This indicates that the metric coefficient was significant at $\leq .05$

( ) Standard error and Standard deviation are in the parenthesis, respectively.

** The age variable was squared before being entered into the regression equation.

The remaining significant influences correspond to the aggregate variables and the receipt of unemployment compensation. In all instances, each of these variables extend the duration of search time. Receiving unemployment ocmpensation adds more than one month to the average search time, a finding which conforms to previous studies. This increase of time may represent greater leisure time or greater selectivity in search. The local unemployment rate has the largest metric effect on search time, reflecting the difficulty of securing a job when labor demand is slack. This might also suggest a potentially greater impact of poor economic conditions on Hispanic workers as shown by Garcia and Maldonado (1980). Finally, the.utilization of job search methods lengthens search periods by approximately one and one-half months, an outcome which indicates greater thoroughness and possibly higher selectivity of individuals who use job search methods.

The second regression analysis on the long-term unemployed who were engaged in job seeking at the time of the interview. As with the previous group, receiving unemployment compensation extends search time, but even more so (almost three months extended) search periods. Also, age is positively related to longer search periods. This could reflect greater selectivity in job search, but more likely it indicates the difficulties experienced by older workers whose job-related skills may be weaker than those of otherwise equivalent younger workers. Central/South American origin job seekers experience significantly shorter search time relative to the other Hispanic nationality groups.

SUMMARY AND DISCUSSION

The previous analysis attempts to fill a vacuum of information about the Hispanic job search process by investigating how labor market conditions, human capital skills, nativity, national origin, and the availability of other income source influence job search strategies and duration. In order to establish some baseline information on Hispanic job seekers, all labor force age Hispanic males who had been involved in some job search during 1975 were studied. Whereas the relationship between human capital skills, particularly educational attainment, and job search time have been well studied for non-Hispanic whites, our results indicate that education has no discriminating effect on job search strategies. The dynamics of using a wide range of job search methods for Hispanics may be more complex than our discriminant analysis has revealed.

Primarily, labor market conditions (male unemployment rate and levels of labor force participation), receipt of unemployment compensation, and being Mexican or Puerto Rican affect the use of one or more conventional search methods. What is puzzling is the low proportion of Hispanic workers who used any conventional job search methods. If Hispanics are not utilizing direct employer contact, employment agencies, and the like, then what strategies are they using to secure employment? One explanation is that the information retrieved may not accurately portray the circumstances of Hispanics. Clearly, information gathered on job searchers needs to be further examined, in terms of both design of questions and range of job search options represented. From these data, only limited insight can be gained as to the extensiveness of the use of job search methods among Hispanics.

Human capital skills appear to be insignificant for the job search process, yet real differences among the Hispanic nationality groups suggest that variations may be influenced by cultural factors (internal differences within Hispanic groups) and by general labor market conditions prevailing in the different regions where the various groups are concentrated. Possibly a distinction between the use of formal job search methods (agencies, direct employer contact) and reliance on family members or friends may be a pertinent indicator of differential availability of job search information, as in the case of other minority job seekers. It would also appear that the less than fruitful results of job search methods also reflect the complex nature of interpersonal informational systems and the filtering and collection of job information. This problem is not unique to Hispanic job seekers, however.

The second aspect of the analysis focused on the factors contributing to search time. Human capital skills have affected search time through greater efficiency and selectivity of outcomes. Labor market conditions affect search time as the opportunity structure of the local labor market extends search time, either by permitting greater selectivity of jobs offered or by permitting individuals to purchase leisure time. For Hispanics, these types of relationships diverge from those found in the existing literature on job search seekers in general.

One important distinction needs to be made about the status of job seekers in terms of the length of job search. Individuals who have been removed from the labor market for an extended period of time operate under different psychological and economic circumstances. Human capital skills do appear to play an important part in affecting search, although labor market conditions are also critical. Educational attainment shortens search time for shorter-term job seekers, but it has the opposite effect for long-term seekers. A similar pattern occurs with age and the two classifications of job seekers. Local male unemployment rates and reliance on conventional job search methods extend search time. Poorer labor market conditions may necessitate a wider purview of job information in order to meet with some success. Finally, the receipt of unemployment compensation has the same effect as it does with other job seekers (extends search time). It is noteworthy that the presence of multiple earners in the family has no significant influence on the search time of Hispanic workers. Previous work (Barron and Mellon, 1980) has suggested that other members of the household who are active in the labor force usually allow the job seekers to extend their search time. For Hispanics, the presence of other family members in the labor force is not sufficient to have this effect. The reasons for this pattern are not clear, but the implications are bleak.

Apart from familiar cries of a total vacuum of information on Hispanic job search and the need for specific targeted surveys, several policy implications emerge from this preliminary research. One approach to improve job search efficiency and outcomes has been to improve the skills of the job seekers. Yet this does not totally address the equilibrium of supply and demand within the labor market. Investment in human capital skills may have real limitations and the negative consequences of continued unsuccessful job search will fall on the Hispanic worker (frustration, discouraged status, alienation, etc.). The second major alternative has been the reduction of the cost of search. If the reservation wage is higher, then this might extend the expected period of job search. Yet, critical to the cost of job search is some fuller understanding of informational systems and their uses by Hispanics. Information systems and job search outcomes are interactive processes that are not well understood. The job search patterns of Hispanics are not totally discernible from these results, but enough questions and contradicting patterns have emerged to warrant more intensive examination.

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WORK BACKGROUND AND ATTITUDES OF MARIEL BOATLIFT REFUGEES FROM CUBA

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Data concerning work experiences were collected from 135 Cuban boatlift refugees using structured and semi-structured interview questions in March 1981, about 11 months after the Mariel boatlift began. Respondents described task characteristics, good performance contingencies and work satisfactions related to their last job in Cuba. Experiences of stress at the time of data collection were also reported. Comparing the data with parallel data for a representative sample of United States employees (Quinn & Staines, 1979) and Mexican-Americans (Arce, personal communication) indicates both a few differences and several notable similarities between work experiences in Cuba and those employees in the United States.

The study being reported is an interview survey dealing primarily with the work experiences of recent Cuban refugees while they resided in Cuba and secondarily with their psychological well-being since coming to the United States. The pragmatic purpose of the study has been to describe the work-related experiences of these refugees so that their integration into Anglo and Hispanic work settings can be anticipated and promoted by social agencies and private employers. The importance for sociologically-oriented Hispanic researchers is to encourage increased research attention to social-psychological issues surrounding work. The importance for researchers in organizational behavior is to compare results obtained in work attitude research in the United States with similar research conducted in another cultural setting. The importance of the work for researchers interested in communist Cuba is to provide direct information about work attitudes in Cuba which supplements information from formal Cuban governmental policy statements and laws, demographic data, and extrapolation from political idealogy.

Work Experiences in Previous Cuban Refugee Research

A few researchers have conducted broad sociological survey studies of the integration and adjustment of previous Cuban refugees into United States society. These studies have pointed to the particular importance of Cuban immigrants' employment experiences to their social adjustment and psychological well-being in the United States. In one of the first of these studies, Portes (1969) conducted semi-structured interviews with 48 Cuban American families who had settled in Wisconsin. Two variables were

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found to be highly associated with a general indicator of psychological integration (e.g., present happiness, preference for social contacts with Americans). These variables are respondents' subjective comparison of (1) their occupation in the United States with their occupation in Cuba, and (2) their socioeconomic situation in the United States with that in Cuba. The study also pointed out that the cultural adjustment of one spouse has important implications for promoting the adjustment of the other.

Subsequently, Portes has been collaborating with others in a three-wave survey research program concerning Hispanic immigrants to the United States. The sample for the first wave includes a group of 590 male Cuban American heads-of-household who arrived in the United States between late 1973 and early 1974 following temporary residence in Spain (Portes, Clark, & Bach, 1977). Among the broad range of demographic, social, and personality variables studied, employment experiences in the United States emerged as being particularly predictive of assimilation. In a report of the first wave of data collection, the researchers suggest that, "An exile's occupation is his most important link to the larger society and is the key to the subjective comparison between his life in Cuba and his present or future life in the United States" (Portes, et al., 1977, p. 18). Additional information about the importance of employment to integration will become available as the second wave and recently completed third wave of data are disseminated (Portes & Clark, 1980).

Rogg (1974) has also conducted a major study concerning varied sociological factors affecting the adjustment of 250 Cuban American families to life in New Jersey. Her interview survey covers such topics as initial experiences in the United States, employment, health, religion, housing, quality of family relations, and attitudes toward other minorities. Among the more important of Rogg's results for the present study are that (1) working in an environment with a high ratio of Americans to Cubans places pressure on the Cubans to assimilate, (2) underemployment problems continue for those people who enjoyed high socioeconomic standing in Cuba regardless of how long they had been in the United States, but optimism about future advancement also continues, (3) occupational improvement is common among those who came from low-level occupational groups in Cuba. As in the studies conducted by Portes, employment experiences are found to be particularly important to the social and psychological adjustment of adult immigrants from Cuba to United States society.

The studies by Portes and his colleagues and by Rogg support the need for research focusing on employment experiences in promoting the general psychological adjustment and well-being of refugees in the United States. Very limited first-hand information has been available in recent decades about the work experiences of Cuban residents. Fragmentary and only moderately consistent information through inter-governmental communications and the American news media indicates a history of relatively high employment rates in Cuba, but low mobility, low psychological quality of employment, low work motivation, and a moderate drop in employment rates just prior to the Mariel boatlift. Obtaining more complete information has recently become highly relevant to federal and public agencies trying to promote refugee employment and to private employers, especially in Dade County, Florida, because of the large, sudden influx of Cuban refugees.

Demographic information indicates that the Mariel boatlift refugees are quite different from the Cuban refugees of the 1960's, but similar in some ways to the refugees of the early 1970's (Bach, Bach, & Triplett, 1981). Unlike both prior groups, however, their experience and attitudes have been shaped by a long exposure to Castro's regime, an exposure which has encompassed the entire working life of individuals in their teens and twenties. The unique characteristics of this latest group may be reflected in work attitudes which give work a different role relative to other life experiences and goals than it had for prior Cuban refugee groups. Even though the Mariel refugees are demographically comparable to refugees in the 1970's in many respects, they may be less able to anticipate and cope with what they will find when they seek employment in a capitalistic country, especially one facing historically high unemployment and inflation rates. Overall, it is very difficult to predict the reactions of recent Cuban refugees to employment in the United States based on the experience of their predecessors.

The present study provides a limited opportunity to compare experiences of working in Cuba as expressed by the boatlift refugees with experiences of work in the United States expressed by a cross section of Americans (Quinn & Staines, 1979) and by Mexican-Americans (Arce, personal communication). Although translation uncertainties make precise statistical comparison impossible, a few major similarities and differences between English-speaking and Spanish-speaking respondents can be roughly identified. Also patterns within the data for the Spanish-speaking refugees (e.g., the aspects of work found most and least satisfactory in Cuba) can be compared with those found most and least satisfactory in other United States samples. In addition, the data allow factor structures to be compared between the refugee sample and the United States sample to help determine if concepts such as "job autonomy" and "role clarity" have a similar meaning for both Cuban refugees and United States groups studied previously (data available from the author).

WORK ATTITUDES STUDIED

Likert-scaled items were included to cover four kinds of attitudes. Three of these asked for retrospective reports of work experiences in Cuba -- task characteristics, good performance contingencies, and work-related satisfactions. The fourth concerned experiences of stress and psychological well-being since the refugees' arrival in the United States.

Items included in the task and role characteristic section were those emphasizing characteristics of work expected to differ most substantially between the United States and Cuba. Job autonomy was emphasized because issues of worker influence have been central to the controversy about whether socialistic or democratic systems are most responsive to employees. Role clarity was emphasized because high clarity is a characteristic of mechanistic systems. A common argument against the economic viability of socialist work organizations is that government control produces an excessive, inflexible bureaucratic orientation. Role conflict was emphasized as a result of pilot study work which indicated that some respondents, especially those in professional and managerial positions, needed to respond to both political and work-oriented authorities who were likely to provide incompatible direction. Additional questions were included to cover job variety, mobility/locking-in, and certain aspects of work meaningfulness.

The good performance contingency items are related to one of the basic "process" models of motivation -- expectancy motivation theory (Vroom, 1964, Lawler, 1973). They reflect the subjective probability that performing well will lead to various positive outcomes. The outcomes considered include substantive economic and achievement rewards which can be provided by an employer (i.e., a better job, a bonus, or pay increase), social rewards (i.e., supervisor praise), feelings of job security, and the self-administered reward of feeling good about oneself. These rewards were included to encompass major components of Alderfer's (1972) existence-relatedness-growth theory of the "contents" of human motivation in work settings.

The kinds of rewards and punishments which should be used to motivate work are another focus of discussion between communist and capitalist economic systems besides the influence issues which separate socialist and democratic political systems. The belief is common in the United States that employees in communist countries will not be motivated to work because there are only minimal economic incentives to do so. This belief seems to be applied to Mariel refugees by some people in South Florida to infer that the Mariel refugees will not be willing to work because they are not accustomed to being rewarded for good performance. The measures of good performance contingencies were included in the interview to provide information about a broad variety of performance-contingent rewards rather than only economic rewards.

Satisfaction items were included to cover major intrinsic and extrinsic rewards which can be roughly grouped into Alderfer's (1972) categories of existence needs (pay, security, work conditions, benefits, not getting too tired, good hours), relatedness needs (superior, coworkers), and growth needs (training opportunity, promotion, autonomy, interesting work). It was anticipated that work in Cuba should be more satisfactory with respect to existence needs involving security, relatedness needs involving coworkers and intrinsically mediated growth needs than in most other respects. Since economic compensation is de-emphasized as a method for promoting work motivation in communist ideology, pay satisfaction was expected to be among the least satisfactory aspects of employment in Cuba.

A section concerning various expressions of stress and mental health was also included in the survey to determine how well the respondents were adjusting to life in the United States. These items also permit a limited consideration of possible background experiences and attitudes which might predispose people to adjust well to such a dramatic life change as irrevocably leaving their native country. However, linking mental health and stress in the United States with prior experiences can only be attempted on an exploratory basis since data concerning both kinds of attitudes were collected at one point in time.

METHOD

The data were collected at the request of the Miami Operations Center of the federal Cuban-Haitian Task Force during the first week in March, 1981. The interviews were conducted by Spanish-speaking, plain-clothes military personnel. The interviewers were informed about the purpose of the study and instructed about interview administration by the project director. The interviews were either read orally or handed to the respondent to be completed while the interviewer remained present to answer any questions the respondent might have. A non-systematic convenience sample of respondents were interviewed on the street in South Miami Beach and in the center where social agencies sought to resettle the refugees at Bayfront Park Auditorium in downtown Miami. During the week of data collection, 135 refugees were interviewed.

Sample Characteristics

Although biases in psychological characteristics of the sample cannot be determined, biases in the demographics of occupational background can be assessed by comparing the respondents with refugees in the four refugee resettlement camps. Bach, Bach and Triplett (1981) drew a 10% sample (5,695 individuals) from the Immigration Service's biographical forms for the 56,950 people aged 14 years and over located at the four refugee camps (Eglin, Chafee, Indiantown Gap and McCoy) at any time between June and August, 1980. The proportion of people in the camps who fall into each of the 11 employment categories used by Bach and his coworkers is very similar to those of the present sample (Table 1). In both the present study and the Bach study, the highest proportion of refugees were craft workers (24.2%, 25.3%, respectively), laborers (23.4%, 18.8%) and equipment operators (11.3%, 15.4%). A substantial representation of professional and technical employees is also evident in both studies (8.9% and 9.4%). Thus, despite the undesirable sampling procedure, the sample in the present study appears to be reasonably representative of the camp population from an occupational standpoint.

RESULTS

Task and Role Characteristics

Applying factor analysis (Principal components with Varimax rotation) to the task and role characteristic data did not yield the anticipated factors. Instead, the responses reflected an overall job "desirability" factor. The averages of Mariel refugees' responses to task characteristic items describing their work in Cuba can be compared with data collected from a sample of approximately 2200 United States employees who described their own job in 1977 (Quinn & Staines, 1979). The data for both groups are presented in Table 2. Although translation uncertainties and differences in factor structure limit comparisons between the two groups, a few overall comparisons of the two groups can be made and items which are especially different between the two groups can be identified.

In general, the Mariel refugees describe their jobs in Cuba as generally having less variety, less autonomy, less role clarity, and more role con-

TABLE I

Employment Backgrounds of Cuban Refugees

	Study Sample		Sample from Refugee Camps (Bach, Bach & Triplett, 1981)	
	(N)	(%)	(N)	(%)
Employed				
Professional and technical	11	8.9	412	9.4
Managerial and administrative	6	4.8	94	2.1
Sales	1	.1	55	1.3
Clerical	6	4.8	220	5.0
Craft (skilled)	30	24.2	1111	25.3
Operative	14	11.3	678	15.4
Transport operative	9	7.3	481	11.0
Laborer (unskilled)	29	23.4	824	18.8
Farm laborer	5	4.0	89	2.0
Farmer	1	.1	63	1.4
Service	12	9.6	366	8.3
Total employed	124	100	4393	100
Unemployed				
Prisoner	1	--	--	--
Student	5	--	--	--
Retired	1	--	--	--
Homemaker	3	--	--	--
Other unemployed	5	--	--	--
Overall Total	139			

TABLE 2

Descriptive Statistics for Task Characteristics: Refugees and Americans

Task Characteristic[1]	Average Responses[2]	
	Refugees[3]	Americans[4] (Quinn & Staines, 1979)
Variety		
My job requires that I keep learning new things	2.09	1.80
Autonomy		
I have the freedom to decide what I do on my job	2.78	2.32
It is basically my own responsibility to decide how my job gets done	2.36	1.91
I have a lot of say about what happens on my job	2.48	2.27
I decide when I take breaks	2.81	2.27
I determine the speed at which I work	2.28	1.92
I decide who I work with on my job	2.92	2.84
Role clarity		
On my job, I know exactly what is expected of me	2.05	1.83
Most of the time I know what I have to do on my job	2.04	1.71
On my job there are procedures for handling everything that comes up	2.52	2.29
My job has rules and regulations concerning almost everything I might do or say	1.96	2.53

TABLE 2 (cont'd)

Task Characteristic	Refugees	Americans
Role conflict		
On my job, I can't satisfy everybody at the same time	2.30	2.18
To satisfy some people on my job, I have to upset others	2.39	2.72
I have too much work to do everything well	2.27	2.86
I never seem to have enough time to get everything done on my job	2.36	2.55
Other variables		
It would have been very hard for me to change jobs even if I wanted to	2.35	--
I was afraid of what might happen if I quit my job without having another one lined up	2.06	--
The product or service I helped to provide was up to the standards that the public should get	2.07	--
On my job, I had to do some things that went against my conscience	2.14	--

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[1] The items concerning work characteristics are presented as they appeared in the 1977 Quality of Employment Survey (Quinn & Staines, 1979). The questions were translated into Spanish and put in the past tense when used to ask refugees to describe their job in Cuba.

[2] The response alternatives were: (1) Strongly agree (De gran acuerdo), (2) Agree (De acuerdo), (3) Disagree (De desacuerdo), (4) Strongly disagree (De gran desacuerdo).

[3] The sample size varied around 120 (depending on missing data) for the group of Mariel refugees.

[4] The sample size varied around 2200 (depending on missing data) for the group of United States workers interviewed in 1977.

TABLE 3

Descriptive Statistics for Items Involving Good Performance Contingencies in Cuba

Contingency[1] ("When you did your job well, were you likely to:")	Refugees[2]				U.S. Employees (Quinn & Staines, 1979)			
	N	Yes	Maybe	No	N[3]	Yes	Maybe	No
...be offered a better job at the place where you worked	112	26.8	10.7	62.5	1967	27.2	10.0	62.7
...feel better about yourself	112	40.2	16.1	43.7	2254	95.1	2.9	2.0
...be more secure in your job	109	31.2	16.5	52.3	2245	84.1	4.0	11.9
...be praised by your supervisor or employer	108	37.0	18.5	44.4	2248	53.0	18.9	28.1
...get a bonus or a pay increase	111	18.9	9.0	72.1	2250	26.2	9.0	64.8

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[1] The question was translated into Spanish and changed into the past tense to refer to work experiences in Cuba when it was administered to the refugees.

[2] The response alternatives for Mariel refugees were (1) Si, (3) Quizas, (5) No.

[3] Weighted according to the number of working people in each household. N of 2291 corresponds to 1515 actual respondents.

TABLE 4

Descriptive Statistics for
Satisfaction with Work in Cuba

Rewards[1]	Mariel Refugee Responses[2]					
	N	Very well (1)	Fairly well (2)	Not too well (3)	Average	Mexican American Average[3]
Good pay	117	9.4	24.8	65.8	2.56	1.77
Good stability and security	116	11.2	30.2	58.6	2.47	1.69
Training opportunities	116	12.9	25.9	61.2	2.48	1.84
Good chances for promotion	115	13.9	18.3	67.8	2.54	2.10
Good supervisor	112	25.0	26.8	48.2	2.23	1.62
Getting along with co-workers	118	68.6	12.7	18.6	1.50	1.25
Good work conditions	118	26.3	27.1	46.6	2.20	1.49
Being able to decide how work is carried out	117	28.2	27.4	44.4	2.16	1.56
Interesting work	115	38.3	27.0	34.8	1.97	1.52
Good fringe or job benefits	112	7.1	19.6	73.2	2.66	1.96
Not getting too tired	112	19.6	37.5	42.9	2.23	1.89
Good work hours	117	35.9	22.2	41.9	2.06	1.39

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[1] The question asked, "How well did your job in Cuba provide each of these things?"

[2] The response alternatives for the sample of Cuban refugees were: (1) Muy bien, (2) Aparentemente bien, (3) No muy bien. The response alternatives for Mexican Americans were (1) Muy bien, (2) No muy bien, (3) Nada de bien.

[3] The data for Mexican Americans were obtained in the most recent administration of the Hispanic survey (Arce, personal communication, November, 1981). N 700 working or recently working individuals.

TABLE 5

Descriptive Statistics for Current Stress
and Mental Health in the U.S.

	Refugees							
How often:[1]	N	Most of the time (1)	Some-times (2)	Rarely (3)	Never (4)	Average	Mexican American Average[3]
...do you feel that you are very alone	130	46.2	24.6	5.4	23.8	2.07	2.59
...do you feel down, low in spirits	127	26.8	33.1	5.5	34.6	2.48	2.55
...do personal worries affect you physically	125	36.0	34.4	2.4	27.2	2.21	2.49
...do you feel sad	126	26.2	43.7	7.9	22.2	2.26	2.44
...do you feel lonely, even when you are among friends	128	25.0	40.6	6.3	28.1	2.37	2.89
...do you keep your opinions to yourself to avoid arguments	121	21.5	33.9	9.9	34.7	2.58	2.06
...do you feel you have trouble making new friends	123	8.1	33.3	8.9	49.6	3.00	3.12
...do you feel bored	121	23.1	35.5	5.0	36.4	2.55	2.67
...do you have trouble getting to sleep or staying asleep	122	9.8[2]	22.1	9.0	59.0	3.17	2.86[4]
(getting to sleep)	(2085)	(4.7)	(16.4)	(26.4)	(52.5)	(3.27)	
...are you bothered by nervousness or feeling fidgety and tense	126	14.3	24.6	10.3	50.8	2.98	2.91[4]
	(2083)	(5.3)	(25.2)	(33.3)	(36.2)	(3.00)	
...are you bothered by your heart beating hard	125	8.0	12.0	2.4	77.6	3.50	3.54[4]
(heart pounding or racing)	(2079)	(1.7)	(10.1)	(22.0)	(66.2)	(3.53)	

TABLE 5 (cont'd)

How often:	N	Most of the time (1)	Some-times (2)	Rarely (3)	Never (4)	Average	Mexican American Average
...do you have difficulty getting up in the morning	127	27.6	10.2	3.1	59.1	2.94	3.05
	(2074)	(12.6)	(24.5)	(26.3)	(36.6)	(2.87)	

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[1] The English translation is the one prepared for the "National Survey of People of Mexican Descent in the United States" (Arce, 1981). The Spanish response alternatives in both studies (except as noted otherwise) were: (1) Casi todo el tiempo, (2) A veces, (3) Rara vez, (4) Nunca.

[2] Figures in parentheses are based on responses of the sample of U.S. employees included in the Quality of Employment Survey (Quinn & Staines, 1979).

[3] Means for Mexican Americans are based on data collected from 700 respondents in the most recent "National Survey of People of Mexican Descent in the United States" (Arce, November 1981, personal communication).

[4] The response alternatives for these questions in the Arce study were: (1) Many times (muchas veces), (2) Sometimes (algunas veces), (3) Hardly ever (casi nunca), (4) Never (nunca).

flict than did the United States employees. This result is not particularly surprising since most of the refugee respondents interviewed had less skilled jobs in Cuba than does a cross section of United States employees. One of the interesting results is that the differences between responding groups are no greater than they are. Overall, refugees tended to "agree" that their work in Cuba involved learning new things (mean = 2.09), that they had influence in determining the speed at which they worked (mean = 2.28), that it was their responsibility to decide how their work got done (mean = 2.36), and that they knew what was expected of them (mean = 2.05) and what they had to do (mean = 2.04). These are more positive responses than one would expect from people who left their homeland for work-related reasons. Relatively large mean differences are found for a few items, however.

The mean differences between the two samples are greater than .5 (half a response alternative) for three items. While respondents appeared to have substantially less influence in when they take breaks (2.81) than do Americans (2.27), they also reported substantially more rules and regulations (1.96) than do Americans. However, Americans tend to report more role clarity in other respects than did the sample of Mariel boatlift refugees. The boatlift refugees also tended to report role conflict in having too much work to do everything well (2.27) to a greater extent than did Americans.

Minimal differences (less than .20) were found between averages for several other items. Both refugees and Americans tended to "disagree" that they had much autonomy in deciding with whom they worked (2.92 and 2.84, respectively). Both groups also tended to neither agree nor disagree that they never had enough time to get everything done (2.36 and 2.55, respectively).

In general, the task characteristics show fewer substantial differences than might be expected on the basis of stereotypes about life in Cuba. The differences which do appear tend to be in specific aspects of job autonomy, role clarity, and role conflict rather than in any one of these three task and role variables which the items were designed to measure.

Good Performance Contingencies

The distribution of refugees' responses to the good performance contingencies (Table 3) were very surprising when compared to data from the representative sample of United States employees interviewed for the 1977 Quality of Employment Survey (Quinn & Staines, 1979). The unexpected result was that the responses of Cuban refugees to the extrinsically oriented good performance contingencies (being offered a better job, getting a pay increase or bonus) are far more similar to the responses of the United States sample than are the responses to the intrinsic and social reward contingencies (feel better about yourself, be more secure on your job, be praised by your superior). Both refugees and United States employees indicate that good performance is not likely to lead to a better job (62.5% and 62.7% respectively) and is unlikely to result in a bonus or pay increase (72.1% and 64.8% respectively). Refugee respondents, however, indicate less than did the United States respondents that good performance was likely to lead to feeling better about themselves (40.2% and 95.1%

respectively) and to being more secure in their jobs (31.2% and 84.1% respectively). Refugee respondents also indicated that they were less likely to be praised for good work than did United States respondents (37.0 and 57.0 respectively) although the difference is less substantial than for the preceding two items.

The differences found between the reward contingency experiences of the refugees in Cuba and American workers are sufficiently large to suggest that they are not due to slight translation ambiguities. However, the reasons for these differences may require a more careful analysis of the respective cultures than is suggested by the surface content of the questions. Interpreting the results, in effect, requires a certain amount of speculation.

One important finding of the Quinn and Staines (1979) Quality of Employment Survey is that United States employees typically do not have a strong belief that their efforts will be rewarded economically. Thus Cuban refugees may not require special indoctrination about the probability that they will be economically rewarded for good work in the United States -- the probability may be about the same as it was in Cuba. It is not unlikely that many refugees may have had (or may still have) unrealistically high expectations about the probability that their work efforts will be rewarded in the United States.

A few qualifications are appropriate about these conclusions. United States workers might have a greater belief that their efforts are rewarded in this country than they now do if they had worked in Cuba for several years. The exact psychological meaning and the frame of reference for the performance contingency items may differ between the two groups. A second difference may be in the kinds of "better work" or "bonuses and pay increases" which are provided in the two countries. Better work and pay increases in Cuba may occur only through promotion and transfer while they can be provided without job change by many United States employers.

Satisfaction with Work in Cuba

In the present study, the Mariel refugees were asked how well their job in Cuba provided various economic, social and work content related satisfactions (Table 4). Using the same aspects of satisfactions, Arce (personal communication) has asked a carefully selected sample of 700 Mexican-Americans to describe their degree of satisfaction with their jobs in the United States. Although both sets of questions were asked in Spanish, the use of different adjective anchorings for response alternatives makes mean comparisons impossible. Only comparisons of the profiles of satisfactions for the two groups can be made.

An initial overview of the data for the refugee group indicates a clear differentiation among the various aspects of satisfaction. The respondents apparently did not feel compelled to be consistently critical about all aspects of their work situation in Cuba. The most positive answers were given to the question about satisfaction with coworkers for both Cuban refugees describing work in Cuba and Mexican-Americans describing work in the United States. Refugees were also relatively positive in describing their work hours and how interesting their work was in Cuba.

These are also among the aspects of work in the United States which Mexican-Americans describe most positively. The aspects of work in Cuba which the refugees were least satisfied with are fringe or job benefits, pay, chances for promotion, training opportunities, and, surprisingly, job stability and security. Promotion, benefits, and training were also among the least liked aspects of work in the sample of Mexican-Americans. However, tiring work ranked lower among the aspects of work satisfaction for Mexican-Americans than it did for Cuban refugees, while pay did not have quite as low a position for Mexican-Americans as it did for refugees. Overall, the profile of satisfactions are reasonably similar for the two groups. Unless the recent Cuban immigrants are more successful than the Mexican-Americans have been in getting good jobs in the United States, they may well find their profile of satisfactions in the coming years to be very similar to what it was while in Cuba.

Stress and Mental Health

Data for the Cuban boatlift refugees' responses to the stress and mental health items are presented in Table 5. Averages reflecting comparable data from Mexican-Americans by Arce (personal communication) are also presented. The first six items were responded to on the basis of identical items for the two samples and are thus more precisely comparable than are the items for which data are reported above. The items in Spanish but not the response alternatives, are also identical for the three of the last four items for which comparable data are available. Comparable data for the last four items are also available from the Quality of Employment Survey.

By and large, the Cuban boatlift refugees express more stress, especially in terms of feeling alone and feeling lonely among friends, than do the Mexican-Americans. However, refugees express less tendency to repress their opinions to avoid arguments, than do the Mexican-Americans. Among the first eight expressions of stress, the refugees indicate the least trouble in making new friends but, somewhat paradoxically, the most trouble in feeling alone. Although precise comparisons between the refugees and the groups of United States and Mexican-American respondents are not possible, the refugees do not appear to express radically greater sleep-related problems or problems in being bothered with nervousness or fast heart beat than do the other groups.

DISCUSSION

A major intent of the study is to encourage further study of social-psychological aspects of past work experiences in studies of immigration and of Hispanics. Determining the extent to which an immigrant group has employable skills is not the same as determining the extent to which they are employable. Adjustment to work in a new culture is likely to be based on initial expectations based in part on past work experiences. Broad-based sociological studies of Hispanics and immigrants need to be supplemented by more detailed employment-oriented studies given the centrality of work to both economic and psychological well-being.

The study of Cuban boatlift refugees also encourages the possibility that meaningful retrospective data can be collected from refugees about Cuba. Rather than getting a bias of uniform negative responses respondents differentiated among the various items. For several sets of items, notably the satisfaction and stress items, the profile of responses for refugees is very similar to the distributions for respondents describing current rather than past positions. Thus information about formal government policies and practices, and information about political ideology can reasonably be supplemented but not replaced by retrospective work experience data from immigrants themselves.

The overall pattern of responses for the four sets of items provides a certain amount of encouragement about the employability of the boatlift refugees. Respondents express having experiences of job autonomy, role clarity, role conflict, and satisfaction which are not as radically different from United States workers as, for example, the experiences of Haitian refugees would probably be. Similarly, they seem to have had experiences of economic reward contingencies which they interpreted in a way similar to United States employees -- a not altogether positive way.

A careful comparison of work experiences of Cuban boatlift refugees and people who have worked in the United States would be very desirable to precede government-operated, or employer-operated programs designed to help refugees develop realistic work expectations. Unfortunately, data which would be accurate enough for this purpose are not available. Instead, refugee-oriented employment services intended to promote "good work attitudes" should proceed very cautiously. In particular, the data in the present study encourage programs not to overplay the likelihood of performance-contingent economic rewards. Personnel departments are encouraging "realistic job previews" rather than idealistic pictures of employment situations. This basic idea may be appropriate on a societal scale when dealing with new immigrants. Refugee programs should be prepared for the possibility of frustration in this respect even after stable employment is obtained.

The limited data in the present study also indicate some positive notes. The sample obtained includes a high proportion of people who had not been successful in obtaining good jobs at the time they were interviewed. While about 90% reported that they expected to find better work in the United States, the unemployment rate among this particular sample at the time of the interviews was roughly 75%. However, the expressions of stress and mental health do not appear radically different from Mexican-Americans who, as a group, were more settled in the country. The feelings of loneliness which seem to have characterized the refugees in March 1981 may be compensated for by the general felt ability to make friends. The presence of considerable social support within the Cuban community and, for many refugees, from relatives probably also helped keep stress levels down.

The data concerning performance contingencies also indicate some ways in which work in the United States is likely to be particularly rewarding. Supervisor praise, feelings of job security and worth are the kinds of experiences which appear to have the most promise for promoting refugees work motivation and adjustment.

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AFFIRMATIVE ACTION AND THE SOCIAL AND ECONOMIC PROGESSS OF THE HISPANIC WORKER FOR THE 1980's

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(ABSTRACT ONLY)

This paper will assess the economic status of Hispanic workers in the U.S. and selected labor markets. The paper will provide an analysis on the income, employment, and unemployment trends of the Hispanic worker in the past and present and the prospects for the 1980's. Special attention will be given to the barriers to employment that Hispanic workers experience in the labor market. Wherever appropriate the special employment and training problems of various Hispanic groups will be analyzed, i.e., Mexican-Americans, Puerto Ricans, and Cubans, women, youth. Among the issues that will be addressed include the extent of occupational discrimination and employment discrimination afforded relative to blacks and whites. An analytical framework will be provided on income and occupational differentials among Hispanics and other groups in the respective labor markets. A theoretical model will be developed to analyze the extent of occupational discrimination and occupational segregation afforded to the Hispanic worker in the U.S. and selected areas like Los Angeles, Houston, San Antonio, Dallas, Chicago and New York. This will provide the basis to assess the social and economic progress of the Hispanic worker in the 1970's and 1980's. The paper will include an analysis of the policy implications for affirmative action and employment and training policy in light of the current state of the economy and the Reagan Administration's social and economic policies. The paper lastly analyzes Hispanic participation in CETA programs, and the impact of Reagan's Administration Economic Program on the Hispanic worker.

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DEVELOPING HISPANIC YOUTH: A PRACTICAL ALTERNATIVE

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Hispanic youth represents the largest entry of any group into the job market; however, their level of education is the lowest and the current dropout ratio shows a continuation of this situation. The author understands that existing youth programs can be extended into Hispanic communities and can be used to complement other efforts in trying to alleviate the frustrations that force many Hispanic youth to give up early in life. The business community can play a significant role in this effort. A case of how one national organization is doing it and their results is followed by recommendations on how Hispanic leaders and the business community can form effective partnerships with various youth programs.

INTRODUCTION

The following statistics help develop the scenario: The fact that Americans in general are having less children, combined with the fact Hispanics have the largest number of children per family (White: 1.8 children per family; Black: 3 children per family; Hispanic: 4 children per family) (Yakenlovich et al., 1981; Current Population Reports, 1980) results in a U.S. Hispanic population growing twice as fast as the other populations. Considering that the largest youth population under 18 of any group in the U.S. is Hispanic (43%) (Current Population Reports, 1980), one has to conclude that the largest entry from any single group into the job market in the following decades will be the Hispanic. Indeed, it is estimated that early in the next century more than 50% of all new entries into the U.S. job market will be members of the Hispanic population. Unfortunately, only 45.5% of Hispanics over age 25 have completed high school, compared to 70.5% for Whites (Current Population Reports, 1980).

The current high unemployment rate of Hispanics, the low level of education and the lack of marketable skills has been highly publicized, (N.Y. Times, 1981) and, considering the previously mentioned statistics, no significant improvement is on sight. The basic questions then become: how can we motivate Hispanic youth to stay in school and therefore increase their chances of getting into the labor force? How can their expectations be raised, their horizons widened, their goal setting capabilities be developed, and opportunities provided for the development of their leadership qualities? It appears that the existence of the problem in such large proportions has tied up the business community and Hispanic leaders' time and resources in trying to solve the school dropout ratio and high unemployment, while the roots of the problem remain untouched. Another question then would be: How can the situation be dealt with before the negative consequences start? How can a preventive approach be achieved? Can the business community play a significant role in such efforts?

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AN ALTERNATIVE

An effective complement to all other programs being tried by the various educational institutions would be the full participation of Hispanic youth in programs already in existence such as Scouting (Boy Scouts of America, Girl Scouts of America), The Future Farmers of America, 4-H Clubs, Campfire Girls, Boys Clubs and similar organizations.

Why such programs? They include youth in the critical age bracket before, during and after the greatest evidence of dropout. They have been time-proven to develop leadership capabilities, to help youth develop morally, mentally and physically. They provide for youth to get in contact with volunteer leaders who serve as positive role models. Such appealing methods as camping and outdoor activities have been tested, adapted and improved for decades - their programs work in developing self-pride and motivation to overcome "obstacles." These organizations have staff (professionnal and volunteer), literature, training opportunities for interested adults, etc.

The organizations could be viewed as franchise systems that have the product (the program), the marketing techniques, the training, waiting for entrepreneurs to come in as partners in new ventures.

To get the "business" going you will need to:

1) Get the entrepreneurs (that is the Hispanic community leaders) interested in learning about and entering into a partnership.

2) Get the franchisor (the national, regional and/or local headquarters of the already mentioned institutions) interested in searching out entrepreneurs among the Hispanic communities.

3) A catalytic agent, such as the business community, to get both parties in contact could prove to be the turning point in many cases.

What would make such youth organizations become interested in launching outreach programs into the Hispanic community in the first place? Let's answer this from a marketing perspective. Hispanic youth is the largest group from which such organizations can go for membership at a time when they are experiencing diminishing enrollment (the Boy Scouts of America had almost 1/3 less membership in 1979 than in 1973). For many organizations it already is a matter of survival to change gears towards the fastest growing segment of an otherwise declining market. This is more evident if one recognizes that only a miniscule percentage of the Hispanic youth is presently enrolled in such programs. The fact that Hipanics are concentrated in the larger cities and are basically clustered in several areas of the U.S. makes them an accessible market; it is easier for youth organizations to focus their attention on such markets without having to spread themselves to all areas of the nation (Texas and California are home for more than 50% of the Hispanic people; most Hispanics live today in nine states: Arizona, California, Colorado, Florida, Illinois, New Jersey, New Mexico, New York and Texas). (Time Magazine, 1978).

Of course, to be effective youth programs need people's precious time as well as their money. In today's inflated economy the money it takes to carry out such programs is a very important consideration in the mind of the decision makers running the various youth organizations. Money is needed for membership fees, uniforms, dues and equipment. The stereotype of Hispanics being mostly poor agricultural workers with low incomes or generally lazy people will most likely come to mind as an impossibility for youth organizations to consider expanding to Hispanic communities.

Some facts should help dissuade such misconceptions. Less than 5% of Hispanics are farm workers. The Hispanic family median income was $14,569 in 1979 with 21% having incomes greater than $25,000 (Current Population Reports, 1980). Hispanic male and female job holders produce an annual disposable income of approximately $30 billion. The work ethic is important to Hispanics and, contrary to popular myths, the U.S. Department of Labor states that less than 0.05 of undocumented workers ever collect welfare. Eighty percent of Hispanics live above the poverty level.

Another area of concern for the decision makers in youth organizations besides youth membership potential and family incomes to provide for running the programs is the need for adult leadership from the community. Here we come to the eternal question of which comes first, the chicken or the egg. Many decision makers from youth organizations believe the Hispanic adult volunteers haven't approached them in significant numbers (ergo there is not sufficient interest) while Hispanic community might feel that the organizations haven't shown any real interest in having them join.

The last question becomes: Why should the business community take an active part in the effort of increasing Hispanic participation in existing youth programs? It is during Hispanics' formative years that business can have a greater and more effective role in the socialization process of the individual, when young people are in time for the decision of which vocational or career path to follow. (Business Week, 1979). This hints into the theme of social responsibility of business - a debatible issue for many businessmen; however, "Most persons agree that businessmen today have considerable social power.

Their counsel is sought by government, and what they say and do influences their community. Social power comes to businessmen because they are leaders, are intelligent men of affairs, and command vast economic resources." (Davis, K., 1967).

A case in point is the significant number of business leaders who already take part in the board of directors of youth programs and the support the business community has traditionally given to the involvement of the anglo community in such programs. The matter is not one of becoming involved in these programs, as businessmen already are, but on taking active part in expanding youth programs into the Hispanic community. It is not just a matter of being socially responsible to the Hispanic youth (who in time will be the largest entry into the job market) but of the businessmen functioning effectively in their current positions at the board of directors of the youth organizations. As previously mentioned, Hispanic youth is the largest group which youth programs can go for membership at a time of diminishing enrollment, caused among other reasons by the post "baby boom" era. A closer examination to these facts (lower enrollment, diminishing membership potential from the White youth segment, and the vast untapped Hispanic youth segment) should make businessmen aware that the youth programs should seriously consider an outreach program into the Hispanic community for the good of the youth organizations themselves. After all, to look out for the preservation and growth of the youth programs where they serve as directors, is part of the businessmen's fiduciary responsibilities.

A CASE STUDY

The Boy Scouts of America is an example of how one such national youth organization has responded to the challenge of increasing the involvement and participation of the Hispanic community in its program. What follows is a brief personal account of how the program was designed and tested, and the results obtained. It is not intended to show the right or wrong way of doing it, but rather to illustrate what is being done and the lessons learned from such efforts.

To begin with, it has to be mentioned that Mr. Raul Chavez (a Mexican advertising executive who joined Scouting's professional staff at their National Office) was keenly aware of the situation previously presented and of the fertile ground for Scouting to expand. Given his Hispanic roots, his advertising know-how and his job with the scouts, he created a carefully developed slide show entitled "The Hispanic Opportunity," which presented Hispanics as the fastest growing youth segment in the nation; it showed where they are today, and previewed their influential role in the eighties and the decades to come. Scouting's unprecedented opportunity to help young people prepare to take their place in the world as adults was discussed in detail.

Mr. Chavez made his authorative presentation at every opportunity given to him around the nation. The author, a volunteer scouter from Puerto Rico, was a member of the Executive Board of Directors of the

Long Rivers Council of the Boy Scouts of America in Connecticut, and became very interested after seeing Mr. Chavez's presentation during the summer of 1979.

The mutual interest in the subject matter kept the author and Mr. Chavez in contact. While Mr. Chavez worked on taping radio and TV public service announcements, the author worked in the design of a pilot plan for an intensive campaign to create awareness of the program.

Mr. Chavez's efforts were rewarded when he was able to tape Ricardo Montalban (perhaps the most identifiable Hispanic figure in the country) for radio and TV public service announcements on behalf of the Hispanic Outreach Program of the Boy Scouts. The announcements, which were taped in Spanish and English, exalt the virtues of Scouting to parents and their children and encourage them to get involved together. With Connecticut's Long Rivers Council request and National approval, Mr. Chavez was allowed to stop in the Greater Hartford area during February, 1980, for a three-day campaign. This was the chance to unveil the public service announcements, to test the pilot plan and measure results.

The Plan and Its Implementation

The objective was to launch an intensive campaign to create awareness about Scouting within the community in general and the Hispanic leaders in particular. The idea was to get maximum exposure in a minimum amount of time in order to get the message out that Scouting was genuinely interested in increasing its program in the Hispanic community. The outcome expected was the increase of Hispanic participation in the program.

The plan designed and implemented to meet the objectives previously mentioned blended media coverage, presentations to Hispanic leaders, and to local staff members of the Scouts and business leaders. It must be emphasized that key Hispanic leaders were recruited to host, with the help of prominent businessmen who were members of the local Board of Directors of the Scouts, the various events and activities which are described below:

I. Visit with the Governor

A well-known Hispanic leader, an aide to the Governor of the state, coordinated a meeting with the late governor Ella Grasso at which she welcomed Mr. Chavez to the state and endorsed the Hispanic Outreach Program of the Boy Scouts.

II. Press Conference

A press conference was held at the community room of one of the largest Hispanic community organizations. Here the national media campaign addressed to promote Scouting within the Hispanic communities featuring Ricardo Montalban was unveiled for the first time. The invitations to the press conference were followed by an intensive telephone campaign two days prior to the event. This resulted in a good turnout of key Hispanic leaders with good coverage by radio and TV, as well as newspapers and neighborhood bulletins.

A detailed schedule of Mr. Chavez's visit was given at the press conference, which prompted some of the media to repeat the date, time and place of the presentations and meetings that were to be held during the following days. Some contacts were made during the press conference which resulted in a 30-minute interview in a local bilingual TV show and a 30-minute interview, both of which were taped during Mr. Chavez's visit and were aired during the following weeks. This had the effect of prolonging the exposure of the whole affair.

III. Presentation to Scouting's Local Decision Makers and Professional Staff

Mr. Chavez met with the Executive Committee of the Board of Directors, Long Rivers Council, B.S.A. (all non-Hispanics) to reaffirm the need for actively pursuing the goals of the Hispanic Outreach Program. A presentation to the professional staff was given to answer questions such as how to "think Spanish" and how to go about securing volunteers, sponsors and support for the program within the Hispanic community.

IV. Presentations to the Hispanic Community

Presentations were made with the Hispanic communities in three cities in order to cover the nearby areas where Hispanics are concentrated. "The Hispanic Opportunity" slide show was presented together with other information about the character, citizenship, personal fitness and goal setting training for youth that Scouting offers. The Cub Scout, Boy Scout, and Explorer programs were reviewed and specifics were given on how these programs are made available to groups having similar interests and goals.

V. Presentation to Selected Government Agencies

A conference was coordinated at the State Capitol with representatives of selected government agencies associated with education, youth programs, etc. The Hispanic Outreach Program was presented as an alternative to complement their other efforts in developing the potential of Hispanic youth.

VI. Appointments with Key Hispanic Leaders

The schedule was filled with appointments with key Hispanic leaders from the various industrial, educational and religious areas, including the Superintendent of Schools of Hartford (a Puerto Rican), and an Auxiliary Bishop of Hartford (who is very identified with the needs of Puerto Ricans).

VII. Appointment with Key Employer in the Area

Mr. Chavez, together with key Hispanic leaders and members of the local Scout Office staff met with the executive vice-president of the largest employer in the state. The company was briefed on the Hispanic Outreach and the benefits of Exploring (the vocational oriented program for young adults) were presented an an effective altenative for the business sector to increase career interests among youth.

Results

The schedule was a busy one, but it was shown that the combination of approaching Hispanic as well as non-Hispanic leaders, the presentations to all sectors in the community, and the exposure of media coverage provided an effective blend. The same format has been used with similar success in all other areas where the Hispanic Outreach Program has been introduced.

The immediate results of the three-day program included:

Exposure:

. Five radio stations (including the one with the highest audience rating) carried the message in their news programs.

. Two TV stations (of three leading stations) featured the press conference on their news broadcasts, including the explanation of the objectives of the Hispanic Outreach Program.

Besides the information aired about the press conference, a 30-minute interview in a local bilingual TV show and a 30-minute radio interview (talk show format) were taped and aired shortly after Mr. Chavez left the state. Both shows included local Hispanic leaders and members of the local staff of the Scouts giving detailed information about the programs.

Five newspapers carried the story including: The Hartford Courant (the state's newspaper with largest circulation) carried the story on page 2; Que Pasa, the Hartford Hispanic community newspaper, carried the story on page 4, and encouraged Hispanics to get involved.

Commitments and Membership Enrollment

Hartford's Auxiliary Bishop expressed his desire to help. Two months after the launching of the Hispanic Outreach Program, he sent a letter to key Hispanic leaders and members of the various Roman Catholic parishes in predominantly Hispanic neighborhoods of Hartford inviting them to a presentation about Scouting. At the meeting the Auxiliary Bishop shared his childhood experiences as a Scout and urged all to get involved.

Hartford Superintendent of School reaffirmed his sponsorship of Scouting in the public schools (over 40% of Hartford's Public School enrollment is Hispanic) and offered ideas for effective coordination of schedules with the school system in order to allow for greater use of school facilities for meetings.

Many parents became interested and called the local scout office to find out if there was a nearby unit where their son could join or if one was going to be formed in their neighborhood.

Today, over a year after the launching of the Hispanic Outreach Program in the Hartford area, two more Hipanics have been added to the Long Rivers Council Board of Directors, and a Hispanic occupies the position of Chairman of the Training Committee for the Scout Council. A substantial increase has taken place in the enrollment of Hispanics in troops already in existence before the program was launched. For example, twelve inner city units (out of a total of 30 units) whose membership was low have experienced a 100%-200% increase in membership (The great majority of the youth active in those units is Hispanic.)

A conservative figure given by a staff member of the Hartford area's scouting staff puts Hipanics as composing 15% of the current total involvement in the Scouting program in the Hartford area. This compares very favorably with the low of .03% before the program was launched.

Time will tell if the involvement of Hispanic youth in this and other programs was beneficial in encouraging their active participation in the educational opportunities available for them. It certainly can't hurt. The main point to be emphasized at this time is that it is feasible to expand already existing youth programs into the Hispanic communities if Hispanic leaders, the youth organizations and the business community work together in that direction.

Mr. Chavez was later promoted to the position of Associate Director, Religious Relationships of the scouts in order to work more effectively through the channels of the major common denominator of U.S. Hispanics; Catholicism (85% of Latinos are Catholic and one out of four U.S. Catholics today is Hispanic). A major responsibility in the Hispanic Outreach Program is centered in the Catholic Church which is helping via the support of some bishops, priests and laymen in the sponsorship of the various Scouting programs.

Since the Hartford experience, the Hispanic Outreach Program has now been launched in twelve cities with unusually good success in Fresno, San Jose and Albuquerque. More public service announcements have been taped with personalities such as Vikki Carr. A Hispanic has been named to the National Executive Board of Directors of the Boy Scouts of America and others could follow as the movement experiences more success with the Outreach Program.

Based on the experience of the launching of the Hispanic Outreach Program, two areas of concern have to be mentioned. One is the need for a comprehensive plan to follow up effectively on all the interest and inquiries developed by the initial campaign. It is the author's opinion that a more effective follow up would have produced even better results in terms of the number of youth and adults that could be participating in the program.

The second lesson was that since the effort to involve the Hispanic community in this youth program was a "first," the adoption rate was slower than the historical rate for non-Hispanics (mostly Whites). Lack of understanding of this fact tends to be read as a signal of "no interest" by the volunteer leader and the staff member of the organization, when in fact the message is "I like it, but since this is new to me I am not rushing in until I learn more and make a good decision." Once they do make the decision to join, their complete involvement and loyalty make the wait worthwhile.

Conclusions and Recommendations

Lack of formal education and marketable skills have kept many Hispanics out of the labor force and others busy on how to train now for jobs. As stated here, the problem starts many years before they try to enter the job market. That is when they loose faith in the system, when they don't have a good adult image to follow, when they become frustrated, when their efforts don't receive recognition, when their horizons are not widened. It is in their childhood and adolescence that we must deal with the problem, when opportunities for development can be provided to help minimize the potential for later problems - when they become ready to join the labor force.

The intention of this paper was not to portray already successful youth programs as the panacea for all ills pertaining to the high school dropout ratio among Hispanics. The experience with the Boy Scouts of America "Hispanic Outreach Program" was presented here as an example of the fact that such programs can be made available to more Hispanic youth. The ideas shared here can be put to use by other youth organizations and/or by Hispanic leaders in other areas of the nation and by the business community. It is time for Hispanic youth to participate in larger numbers in youth programs that help develop leadership capabilities, citizenship, desire to learn more, goal setting training, and in which they can see their efforts and achievements rewarded. This can certainly complement other efforts to keep their enthusiasm high in their struggle to seek and actively participate in higher education programs and other opportunities for development.

The following recommendations, together with the previously described experiences, can be used by Hispanic leaders and the business community to form an effective partnership with the various youth programs. (National Marketing Advisory Committee to the Secretary of Commerce, 1970).

The business community can help by:

- Gathering Hispanic employees and their families for briefings on the benefits of these youth programs and by encouraging their participation in them.

- Helping gather resources (employees' time and/or money) to hire more Hispanic professionals for these youth organizations.

- Sponsoring Hispanic teenage career oriented youth groups utilizing the capabilities within their organizations.

- Taking an active part in national and regional local Board of Directors of youth organizations and participating in the decision making process which could lead to an expansion of existing programs into the Hispanic community.

Hispanic leaders can help by:

- Initiating inquiries about the current extent of the participation of Hispanics in the various youth programs.

- Suggesting ways in which the already existing programs can be modified or adapted to secure adoption and the cooperation among Hispanics.

- Volunteering resources such as time, possible program sponsors, leaders necessary to get these programs expanded to their communities.

The youth programs can help by:

- Aggressively recruiting Hispanic leaders for National, Regional and local Board of Directors of these organizations.

- Recruiting Hispanic field personnel (particularly in the nine critical states previously mentioned where most of Hispanics live in the U.S.).

- Including comprehensive briefings in the training programs for new field personnel (Hispanic and non-Hispanic) on the potential membership and involvement of Hispanics.

- Briefing personnel already on board at the various organizations on the "Hispanic Opportunity."

- Encouraging staff members responsible for production of printed and audio-visual materials to portray the Hispanic youth and adults in proper ethnic balance. (Usually when Hispanics have been portrayed they are relegated to low income situations.)

- Assisting volunteer training program coordinators in making extra efforts to have the participation of Hispanics and thereby build a trained cadre of volunteer leaders for the programs.

- Encouraging camp directors in areas where significant number of Hispanics participate in the youth programs to include foods in camp menus that are preferred by Hispanic people (the Armed Forces and industry are during so already).

If all three sectors, the youth organizations, the business community and the Hispanic leaders, start moving forward on the type of outreach program presented perhaps tomorrow's situation at the labor force will be significantly less critical than today's.

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PART V

HISPANICS IN CHICAGO

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PART V: HISPANICS IN CHICAGO

This section includes three papers that provide an overview of Hispanics in Chicago in general, as a business sector and as a consumer market. The 627,230 Hispanics in the Chicago area are the third or fourth largest concentration of Hispanics in the U.S. depending on whether central cities or metropolitan areas are compared. However, in relative terms it is probably the least studied major Hispanic concentration in the country. This symposium provided a context to stimulate the presentation of six papers on the Hispanics in this city. Three are part of this section and three are in other sections of this book. These six articles represent the most comprehensive despriction of Hispanics in Chicago in economic terms in existance. Hopefully, their presentation here will serve to stimulate further research on this group.

The presentation by Isidro Lucas provides an overview of the Hispanics in Chicago. He discusses the growth of the Hispanic population in Chicago, in particular the rapid expansion of the Mexican population. He also points out the possibility of further increase in the Puerto Rican population in the Chicago area as a by-product of cutbacks in federal programs in Puerto Rico. He identifies a number of areas of serious concerns such as the lack of political representation of this group, their concentration in lower level jobs and others. In conclusion, he exposes a number of challenges for Hispanics in Chicago.

The presentation by Laurina McNeilly provides an overview of Hispanic businesses in Chicago. She points out that the statistics available indicate that Hispanic businesses have been growing at a slower rate in Chicago than nationwide. She identifies a number of federal and local programs that have been designed to help the development of second generation minority-owned businesses. Finally, she notes a rise in the political involvement of Hispanics and in the creation of local development corporations as two important changes taking place in this population.

My article in this section presents an overview of Hispanics as consumers. It identifies the changes taking place where Hispanics are concentrating both within the city and in the rest of the metropolitan areas. The emergence of a new, and very large group of bilingual/bicultural Hispanics who speak predominantly English is noted. This group of Hispanics tends to be more educated more politically active and to have a higher income. Finally, the four largest lifestyle groups among Hispanics in Chicago are identified and outlined.

In addition, the previous sections of this volume contain three other articles based on Hispanics in Chicago. The study of Hispanic grocery owners in Chicago, by Miguel Valdivieso appears in Part I with other papers on "Hispanic Business". The study by Carl Larsen and Chem Narayana which compares Hispanic, White and Black consumers' brand preferences in Chicago appears in Part II with the articles on the "Hispanic Consumer Market". The study by Robert Mier and Robert Giloth on employment opportunities in the Pilsen neighborhood of Chicago appears in Part IV with the articles on "Hispanic as a Human Resource".

AQUI ESTAMOS: HISPANICS IN CHICAGO

Isidro Lucas[1]
U.S. Commission on Civil Rights

These notes attempt to be an introduction to Hispanic Chicago. The most obvious one would be a walk through the neighborhoods, listening to the corridos or salsa, smelling the good stuff that only in a good tienda de abarrotes you can find.

A less interesting but more conference-oriented approach is facts and figures. Here they are:

According to the various estimates, Chicago is the third or fourth Hispanic city in the U.S. Illinois as you know has a lesser percentage, but a larger total number of Hispanics than New Mexico.

The 1980 Census data are just trickling down. They are very interesting. To go over them very briefly:

first of all, from 1970 to 1980, the total population in the U.S. went from 203.2 to 226.5 million people, which represents a growth of 11.46%.

In the meantime, the Hispanic population in the U.S. grew from 9.07 million to 14.6 million, a growth of 60.90%, or five and a half times the growth rate of the country's total population.

In Illinois, the overall population totals for the state went from 11.1 million in 1970 to 11.4 in 1980. This means a growth of 2.74% only, far lower than that of the entire population of the country.

Hispanics, in Illinois, however, grew from 393.2 thousand in 1970 to 635.5 thousand in 1980. This represents a growth of 61.63%; not much higher, but higher than the Hispanic growth for the country as a whole.

However, the Hispanic population did not grow evenly throughout the state. In fact, the growth is concentrated around Chicago.

The Chicago SMSA grew only 1.79% from 1970 to 1980 in total population, but the Hispanic population grew instead from 324.2 to 580.6 thousand, or an astonishing 79.08%, much larger than the total population growth of Hispanics in the country.

Growth occurred of course in the City of Chicago, where the Hispanic population went from 247.9 thousand to 422.1 thousand, or 70.28%.

These figures force us to look at Hispanics in a new context: the Hispanic population in the Chicago area grew from 1970 to 1980 at the largest rate in the suburbs. Specifically, the growth in the SMSA minus Chicago went from 76.358 persons to 158,351, that is to say, 107.62% growth in ten years.

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Several considerations are warranted:

- Now the Hispanics represent 14.0% of the total population of the city of Chicago, up from 7.4% in 1970. No wonder that their representation in elective offices is beginning to have an impact because of the sheer number.

- On the other hand, the Hispanic representation in the suburbs has increased by a similar factor, from 4.6% to 8.2%.

- Growth of population in the suburbs has made up for the SMSA's entire population the loss of population of the city, in terms of total persons, not only Hispanics.

- The fact that the largest growth of population has occurred proportionately in the suburbs leads to speculations about the accuracy of the Census. There was a very active Census committee in Chicago among the Hispanic communities, but at the end there were such serious shortcomings in the counting process that the Mexican American Legal Defense and Education Fund, and the Legal Assistance Foundation of Chicago, both challenged the results, made the Census district offices remain open, and forced the Census to recount some of the initial tabulations. On the other hand, the BGA came up with an expose that the entire Census operation was not very good, with stacks of answers to the Census scattered and almost abandoned, the supervision lax, and in many cases the entire system breaking down and enumerators simply faking answers.

All of these circumstances lead us to think that although the Census of 1980 improved substantially from that of 1970, there are still serious problems. Not the least of these is the counting of the undocumented workers living in the city and suburbs. It is safe to assume that many of these undocumented live in the city where cheaper housing is available, and where specific barrios densely populated by Hispanics make it easy for the undocumented to lose themselves in the crowd.

It is useless to enter the debate on how many undocumented there are in Chicago. It is a political question, and every number bandied about is self-serving. But it is safe to say that the numbers are high, and that, had they been counted, the total Hispanic populations would be even greater.

This growth of the Hispanic population is unexpected. In 1978, the University of Chicago made projections for 1980. It underestimated the population of Hispanics in the city of Chicago by almost 25%, giving a projection of 347.9 thousand instead of the 422.1 thousand it turned out to be. In the same line, instead of the SMSA Hispanic population of 580.6 thousand, it estimated only 488.6 thousand. Reasons for the underestimation may be that the projections took as their base numbers the Spanish Speaking population, instead of the Spanish origin population. In the Midwest, however, unlike in the Southwest and the rest of the country, Spanish origin figures are customarily larger than those for Spanish language.

Another major reason for the underestimate has to be the better quality of the count for 1980, that would not have been taken into consideration, as theirs was a computer model accepting the original 1970 figures.

There is only one other independent count of the population, separate and independent from the Census count; the school population (all others are samplings).

Conducted yearly, the count is not self-reporting, but rather through visual identification and/or memory from the teachers with the students.

The resulting data are informative:

Luis Salces has prepared a complete statistical analysis of variations in the public school enrollment in Chicago. We are quoting him.

In 1970, there were 577,679 pupils in the Chicago Public Schools. This figure in 1980 had been reduced to 458,497, or approximately by 21%. However, the Hispanic population had grown 49%, from 56,374 to 84,226. This 49% growth may reflect more accurately the real growth of the population from 1970 to 1980, if one accepts the fact that the school counts were more accurate during those years.

These changes in the school population are more relevant if one considers that the other minority group, the blacks increased its representation in the public schools from 55% to 61% in the last ten years, but in actual numbers, black pupils decreased by 12% during that period. The demographic trends of black pupils go counter the general demographic trends for the total black population, who grew during this period, although only by 8.55%.

The 1980 decennial data broken down by Hispanic national groupings are not out yet. In the absence of those data, it may be helpful to consider that breakdown in the school censuses.

The school population is also important because it tells something about the changes in the composition of the Hispanic population across nationality lines.

Among the major cities in the country with Hispanic populations, Chicago represents unique characteristics: a mix in which the major nationalities of the Hispanic populations in the country are represented in comparative numbers.

Thus, for the 1980 school year, Mexicans in school represented 57% of the Hispanics, Puerto Ricans 36% Cubans 2% and other Hispanics 5%.

It is not entirely possible to intrapolate these percentages to predicate a similar composition of the general Hispanic population for two reasons: one, the fact that, although the Cuban school population has decreased drastically. This trend may have to do more with the fact that Cubans as a whole are an older population, and therefore with fewer children in the schools; the other, that both Cubans and other Hispanics - non Mex-Am nor Puerto Ricans - would seem to tend to enroll in non-public, parochial schools more frequently.

Nevertheless, the trends are useful when considered generally. There has been an increase of almost 100 percent (99.31% precisely) in the presence of Mexican American children in the Chicago public schools in the last ten years, while the increase of Puerto Ricans has been only 15.19%. This indicates that the balance of Hispanics during this time has moved towards an increased representation of Mexicans in the Hispanic population of Chicago.

This demographic trend had been observed informally, with many Mexican Americans moving in the last few years into neighborhoods that had traditionally been Puerto Rican turf, in West Town, Uptown, and Logan Square.

An immediate consequence of this trend will be the tempering of excessive optimism as far as the translation of sheer population numbers into political representation is concerned; although the overall Hispanic population has increased so substantially, the fact that this increase includes so many Mexican Americans, who traditionally are less often American citizens, and register less often as voters, will reduce the overall impact of population growth into political power. (It goes without saying that the current registration voting efforts carried out in the Mexican American communities could have a major impact in this trend).

There are two other population trends that must be mentioned: the Census of 1980 took place before the arrival of the freedom flotilla that brought 125,000-150,000 Cubans to the American shores. How many of those cubans have settled in Chicago is difficult to say, but there are in any event several thousand.

The second is a phenomenon that has not occurred yet, but it is imminent: the impact of the current federal budgetary policies in Puerto Rico. The best estimates indicate that we may see, if social and economic assistance program cuts as proposed go through, a major population shift from the Island to the continent, and in particular New York and Chicago. Estimates go as high as 250,000, of which as many as 50-60 may come to the Windy City. Speculation on how Chicago will cope with such an influx are perhaps premature, but they forecast nevertheless considerable friction and stress in budget and housing markets.

Once the general tone of demographics in Hispanic Chicago are set, next is to determine where these populations are located within the city. Again we do not have specifics, but the available data show among Hispanics the same patterns present among other Chicago populations: uniform settlement patterns, and lack of mixing.

There are two ways to describe the sub-city divisions of Chicago: by "community area" and by politically representative wards.

There are in Chicago 77 recognized community areas. Of those, four (Logan Square, West Town in the near Northwest side, and South Lawndale and Lower West Side in the near Southwest side), have more than 50% Hispanics in their population. Ten community areas (Uptown, North Center, Lakeview, and Albany Park in the North; Hermosa and Humboldt Park in the near Northwest side; McKinley Park, Bridgeport, and New City in the Near Southwest side; and South Chicago and South Deering in the far south side), all have populations between 15% and 50% Hispanic. Finally, there are another 16 community areas where Hispanic population represents 5% to 15% of the total.

In terms of political wards, and prior to the current remap (the details of which are not clear, but there seems to be retrenchment into previous ward lines) Hispanics are concentrated enough into wards to make a voting difference.

Tentative 1980 data show Hispanic populations do constitute a majority in wards 25 (Pilsen), 22 (far lower West side), 26 (West Town), 31 (same), and close to fifty percent in wards 1 (Central), 30 (Logan Square), 32 (East of Logan Square), and 33 (Albany Park).

The idea of at least two, possibly four, aldermen is thus not entirely out of hand for Hispanics in Chicago. The realities are not all that clear yet, and will have to do as much with initial demographic trends as with realities and political actions.

It rests to say that the Hispanics are not evenly mixed by nationality among themselves, even in the areas where they are prevalent.

Three major concentrations: West Town, Pilsen-Little Village, and South Chicago, represent one Puerto Rican, and two Mexican American barrios. Population dynamics lead to acentrifugal movement of these basic concentrations: Northwest into Logan Square, Southwest towards the city limits. And as indicated, there is an increased influx of Mexican Americans into previously Puerto Rican areas in the near Northwest side.

One last series of considerations. This information is based on the available 1970 data, since the 1980 Census is still under process. That is the labor characteristics of Hispanics in Chicago.

In the city and metro area, Hispanics have unemployment characteristics similar to those in the nation as a whole. Hispanics as a rule are subject to unemployment rates about 50% larger than those of the population at large, at least for the last ten years.

Labor force participation of females among Hispanics in the Chicago SMSA (44.5%) similar to that for the total population (45.2%), although the male participation is higher for Hispanics (65.1% vs. 62.5%). For the city alone, participation of females is lesser than the overall (43.7% Hispanics, vs. 46.7% total population) while that of males is similary higher (64.3% Hispanics vs. 60.7% total population).

The professional occupation of Hispanic workers in Chicago reflects characteristics of the country as a whole.

The latest available figures (Illinois Department of Labor, Employment Service), show the following, based on modified 1970 data:

	Hispanic	All Others
Professional, technical and related occupations	6.0%	12.6%
Managers and administrators	1.8%	5.2%
Sales	3.0%	5.9%
Craftsmen, foremen and related	13.1%	12.7%
Operatives (manufacturing, except transportation)	39.7%	17.0%
Transportation	3.5%	4.3%
Laborers (not farm)	7.3%	5.0%
Service (excluding private household)	9.5%	12.0%

As expected, Hispanics are concentrated in lower occupational levels, requiring less education and earning less. The large concentration of Hispanics in manufacturing augurs not well, as this section is the one experiencing the steepest decline in overall jobs.

This occupational outlook is reflective of other conditions such as the absence of Hispanics in government jobs (only 1.5% of Hispanics were employed by the federal government in 1975, and only 1.0% in the postal service in Chicago SMSA).

The occupational characteristics are also lower income for Chicago Hispanics than even among Hispanics in the country overall.

Educational attainment is a factor in this picture: University attendance in 1976 show for Illinois that only 1.9% Hispanics among students enrolled in public institutions, and 2.3% in private institutions of higher learning. Most of those students were in junior colleges, and for the most part, in "commuter," non-residential schools.

Other characteristics could be studied. But the overall demographic and socioeconomic characteristics of the Hispanic populations in Chicago is glum. It is a growing population, deprived of political representation, concentrated in the lower rings of the occupational scale, and with poor educational outlook.

The news could be more pleasant. the potential, however, is there, not only for progress, but also for experimentation in cooperation. Chicago can be the laboratory where Hispanics can "get it together" and work for common goals. The example of bilingual education, for example, where Illinois has lead the nation for years, is a good one; the creation of the first bilingual college in the Midwest is another. There is hope and there is a lot of work ahead. The current situation is to claim loud and clear: ¡Aquí estamos!

HISPANIC BUSINESS/ECONOMIC DEVELOPMENT IN CHICAGO

Laurina McNeilly[1]
Latino Institute

Gentlemen...Ladies...I am pleased to be here this morning, as an Hispanic working in the area of City Economic Development, to present a fifteen minute, thumbnail sketch of Hispanic Business/Economic Development in Chicago. First, a note of history.

In the late 1960's and early 1970's, Chicago was synonomous with minority business development. One of the first corporate organizations of its type, was formed in our city to promote consideration of minority/majority concerns...an organization of Chicago's most august companies, Chicago United. One of the first minority purchasing councils in the nation was established in Chicago...a direct result of Chicago United's efforts. Many of the first minority enterprise small business investment companies were organized in Chicago--often with the assistance from Chicago United firms. Chicago's business establishment was both creative and aggressive in their support of minority owned firms.

This support from the private sector was reflected in the success record of Chicago-based minority firms. For many years in the 1960's, any list of minority companies in the nation, led off with the three Johnson's of Chicago: Johnson Publishing, Johnson Products, and Johnson Cadillac. But the 1970's saw minority economic development move to other parts of the country...and this movement has taken its toll on Chicago minority owned businesses...which at very best, have been unable to maintain their position as number one in the country.

In Black enterprises' 1981 list of the 100 largest Black owned firms in the nation, Chicago's largest, Johnson's Publishing, has slipped to the number three position, Johnson Products is down to 8th place, and the third, Thomas Distribution, is number 43.

Now, focusing our attention more directly upon Hispanic owned business, we can take a look at Nuestro Magazine's 1981 list of the 100 largest Hispanic firms...the first Chicago area firm, Abbott Group, ranks number 29 and is based in Cicero, a suburb of our city. The first firm in Chicago proper, ranks number 74...and only six of the top 100 are in the State of Illinois.

Statistically, the Hispanic business presence in Chicago SMSA grows. The number of Hispanic owned firms in Illinois grew from 1,839 in 1972 to 2,417 in 1977. In the SMSA, the gross sales of all Hispanic firms increased from $69,897,000 in 1972 to sales of $105,711,000 in 1977. While that sounds impressive and encouraging, it disguises two important trends.

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In 1972, Chicago area Hispanic business represented 1.5% of all Hispanic businesses nationwide and accounted for 1.3% of their sales volume. Those figures had dropped by 1977 to where Chicago represented .97% of total U.S. Hispanic companies and 1% of sales volume. This trend of declining percentages is particularly disturbing when compared to the Hispanic population...growth in Chicago...growing from 3.5% of the nation's population...in 1970, to 6% in 1980. If Chicago Hispanic businesses had succeeded in keeping pace with the population trends, they should have, at minimum, doubled the percentage of Hispanic owned firms located in the SMSA. Rather, they declined by approximately one-third. Hispanic businesses nationwide, grew at a rate of 55% during the five year study period; Hispanic businesses in Chicago grew at a rate of 37% during the same period.

To summarize, Chicago's Hispanic businesses are not growing nearly as rapidly as their counterparts throughout the country.

The second disturbing trend is the composition of the Chicago area firms. As indicated, the total number of firms in Illinois grew, from 1,839 in 1972, to 2,417 in 1977. But during that time, Hispanic manufacturers actually decreased by 7, and the number of wholesalers decreased by 17...a decrease of 15% in Hispanic manufacturing firms and a 32% decrease in Hispanic wholesaling firms. At a time when business and government support for minority firms allegedly was at its peak, the number of Hispanic manufacturing and wholesaling firms actually decreased. At a time when the Hispanic population base was growing, and the resources made available from government agencies were at an all-time high, the Hispanic involvement in the basics--manufacturing and wholesaling--declined both in number of firms and in sales volume. At a time of high inflation, the sales volume of these firms declined by $2,445,000. To emphasize my point, from 1972 to 1977, the Hispanic manufacturing and wholesaling gross sales fell--from 20.8% of total Hispanic owned companies gross sales in Chicago...to 11.4% in 1977. The only substantial growth was in retail and small service firms...the traditional "puestos" (ma and pa stores)...window cleaning...painting firms...and the like.

To cite another statistic--of all of the Hispanic owned firms in the SMSA in 1977, 83.9% had no, I repeat no paid employees. What better emphasizes the small size of our Hispanic businesses in Chicago?

A cursory review of government assistance could imply that the Hispanics are nearly getting their "share". In the Small Business Administration's Lending Program, (the government program most heavily utilized by Hispanic businesses) figures show that 9.1% of all SBA loans in the Chicago district office in 1979, went to Hispanics. However, since 90% or more of the SBA loan approvals are guarantees of bank loans, the SBA ethnic mix is dependant on the mix of loans banks submit...not SBA activity with Hispanics.

The 8A contracting program is more directly under SBA control. In 1979, Hispanic owned firms received 17% of all 8A set-asides in the Chicago district office...which parallels the 17% of all minority owned firms in the Chicago SMSA owned by Hispanics. But -- the 17% of contracts represents contract to only 8 Hispanic owned firms. Of the 2,117 Hispanic firms in the SMSA, only eight could be found for contracting assistance. Of a total Hispanic population in the SMSA of 580,592, only eight own businesses capable of doing government contracting work.

In September of 1980, the city of Chicago had made no business loans to Hispanic owned firms of any sort. To date however, there have been five loans/grants: including an Urban Development Action Grant, a Land Write Down, and loans under the Economic Development Commission's revolving loan program. Still, this represents assistance to only a small percentage of Chicago's Hispanic owned firms.

In summary, whereas the total number of Hispanic firms in Chicago is growing...their real impact is declining in relationship to nationwide representation and visibility...in relationship to Hispanic population growth in Chicago...and in relationship to manufacturing and wholesaling business sectors.

We have all heard -- repeatedly -- that the 1980's is the decade of the Hispanics. In Chicago, that may mean the decade of Hispanic grocery stores and window washers. On the other hand, some very positive events have occurred which may negate the aforementioned trends.

The city of Chicago has recently initiated an Office of Contract Compliance in its Department of Purchasing in order to increase Hispanic and Black participation in the City's Purchase of Goods and Services...and to increase city deposits in minority owned banks. In its one year existence, this office has increased the city's purchase of goods and services from minority companies and placed city deposits in the only Hispanic owned bank in Chicago.

In the past year, the city has witnessed changes in the community business assistance organizations network. The several Hispanic business associations first organized around ethnic lines, have moved to new levels of sophistication. Two interesting trends should be mentioned.

The first trend is the increase in intensity of political involvement. The second, and most important, is the organization of Hispanic local development corporations. These state chartered organizations, responsible to specific geographical locations and business constituencies, are now providing commercial strip marketing assistance, leverage of public improvements, and technical loan packaging assistance from government and conventional loan programs. Funded through the combined support of corporated foundations, city/federal grants, and local business beneficiaries, these local development corporations hold much promise for Hispanic economic development in Chicago.

Slightly over a year ago today, the aforementioned two trends were near non-existent...and the funding of loans to Hispanic owned businesses by the city...the city's emphasis on purchasing goods and services from Hispanic businesses, were but a concept...and Chicago's hosting of the Third National Symposium on Hispanic Business and Economy...was but a desire. It is our hope that this symposium build upon the tremendous efforts of symposiums before it...and also upon the efforts of many new participants.

It is also our intent to capitalize on this time and energy we have each set aside here--and the expertise you participants represent...to utilize the research and recommendations presented for the next steps...the implementation of development strategies at the local...and national levels. It is our responsibility to take advantage of this opportunity...making peace somehow with the "new realism" of government program funding reductions -- and what that could imply for Hispanic Economic Development...and rather, looking to the most creative utilization of private, public, and personal resources.

Thank you.

CHARACTERISTICS AND TRENDS OF THE HISPANIC CONSUMER MARKET IN CHICAGO

Armando R. Triana[1]
DePaul University

This Presentation will describe the Hispanic consumer market in Chicago in terms of:

- General Characteristics
- Purchasing Power
- Three Key Changes that are Taking Place
- Four Predominant Lifestyle Groups

GENERAL CHARACTERISTICS

Population Size and Nationality Characteristics

The 1980 U.S. Census reported that there were 627,230 persons of Hispanic origin in the Chicago Consolidated S.M.S.A.[2] (includes six counties in Illinois and two counties in Indiana). This represented a 74.7% increase in their numbers since 1970. The proportion of Hispanics in the Chicago Consolidated S.M.S.A. population rose from 4.6% in 1970 to 8.1% in 1980.

The following table shows the nationality breakdown of the Hispanic population in the Chicago area and its change over the last ten years.

Table 1

Nationality of Origin Among Hispanics in the Chicago C.S.M.S.A.

	1970*		1980**	
	Total	%	Total	%
Mexican	121,172	33.3%	400,776	63.9%
Puerto Rican	94,439	26.0%	134,176	21.4%
Cuban	19,172	5.3%	18,263	2.9%
Others***	129,056	35.5%	70,799	11.3%
	363,839	100 %	627,230	100 %

* 1970 Census of the Population, p. 381
** 1980 Census of the Population, p. 130-132
*** Included third or more generation Mexicans in 1970 but not in 1980

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[1] This is an updated version of the presentation made during the Symposium. Communications should be addressed to Armando R. Triana, College of Commerce, DePaul University, 25 E. Jackson, Chicago, Illinois 60604

The previous table shows the diversity of the Chicago Hispanic population. It is important to note that Chicago is the only place in the U.S. with substantial numbers of both Mexicans and Puerto Ricans which are the two largest groups of Hispanics in the U.S. In addition Chicago also has significant numbers of Cubans, Central and South Americans. This makes the Chicago Hispanic population unique. From a political viewpoint, it is in Chicago the feasibility of cooperation between the Hispanic nationality groups is being tested most realistically. From a marketing viewpoint, Chicago offers a setting where the consumption preferences of the different Hispanic nationality groups can be observed.

Areas of Concentration

The Hispanic population is concentrated in certain parts of the Chicago metropolitan area specially within the City itself where 66% of all Hispanics live. The Table below breaks down the Hispanic population between the different major components of the metropolitan area.

Table 2

Location of Hispanic Population in the Chicago Area

	1980 Hispanic Population*	Percent of Total Population in the area	Percent Change 1970-80**
City of Chicago	422,063	14%	70.3%
Cook county excluding the City of Chicago	77,259	4.1%	98.0%
Chicago S.M.S.A. excluding Cook County (Lake, DuPage, Kane McHenry, Will in IL)	81,287	4.3%	112.6%
Rest of the Chicago Consolidated S.M.S.A. (Lake and Porter Counties in Indiana)	46,621	7.2%	33.8%
TOTAL	627,230	8.1%	74.7%

* 1980 Census of the Population, P. 152, 130-132, 425

** 1970 Census of the Population, P. 381

The settlement pattern of Hispanics in the Chicago area is mixed. In general, Hispanics are concentrating in certain neighborhoods and suburban areas while also spreading quite widely throughout the rest of the metropolitan area. In general, Hispanics rarely exceed 90% of the population in one area. Most frequently they represent somewhere between 25% and 75% of the population where they are concentrated. For example, 40% of the Hispanics in Cook County (including the city of Chicago) lived in 8% of the county census tracks. In those tracks Hispanics made up more than 50% of the population. Another 24% of the Hispanics in Cook County lived in 9% of the census tracks, where they made up between 25% and 50% of the population. The remaining 36% of the Hispanics lived throughout 81% of the census tracks in the county. Within the city of Chicago itself there are also differences in the density of the Hispanic population. More than half of the Hispanics in the city live in the north side of the city. However, of the 24 census tracks in the city which have over 75% Hispanic population, only one is in the north side. Three neighborhoods in the south side (South Chicago, Pilsen and Little Village) have the heaviest concentrations of Hispanics in all the metropolitan area. Map I attached shows the main concentrations of Hispanics in the city.

The settlement pattern of Hispanics in Chicago varies also in terms of nationality characteristics. The south side is about 90% of Mexican origin. The North side of the city is much more heterogeneous. About one third of Mexicans in the city live in the North side together with most of the Puerto Ricans, Cubans and Central Americans in Chicago. The north side of the city is unique in relation to Hispanics worldwide. Nowhere else do so many Hispanics of so many different nationalities use goods and services in such close proximity of each other. This presents a number of interesting possibilities for marketing research.

Age Distribution

The median age of Hispanics in the Chicago area is 21.8 years compared to 29.6 years for the non-Hispanic population in Chicago. Hispanics represent 8.1% of the area's population. However, they represent about 11% of the population between 5 and 24 years of age and 14% of the children under 5 years old (1980 Census of the Population, 1982, P. 93, 143). Within the city of Chicago itself, the proportion of Hispanics among the young are more marked. They represent 14% of the city population, but 15% of the public high school students, 20-24% of the public elementary school students and 24% of the children under 5 years of age.

Occupational Profile

The Table below shows the breakdown of the employed population in the Chicago area by occupation.

Table 4

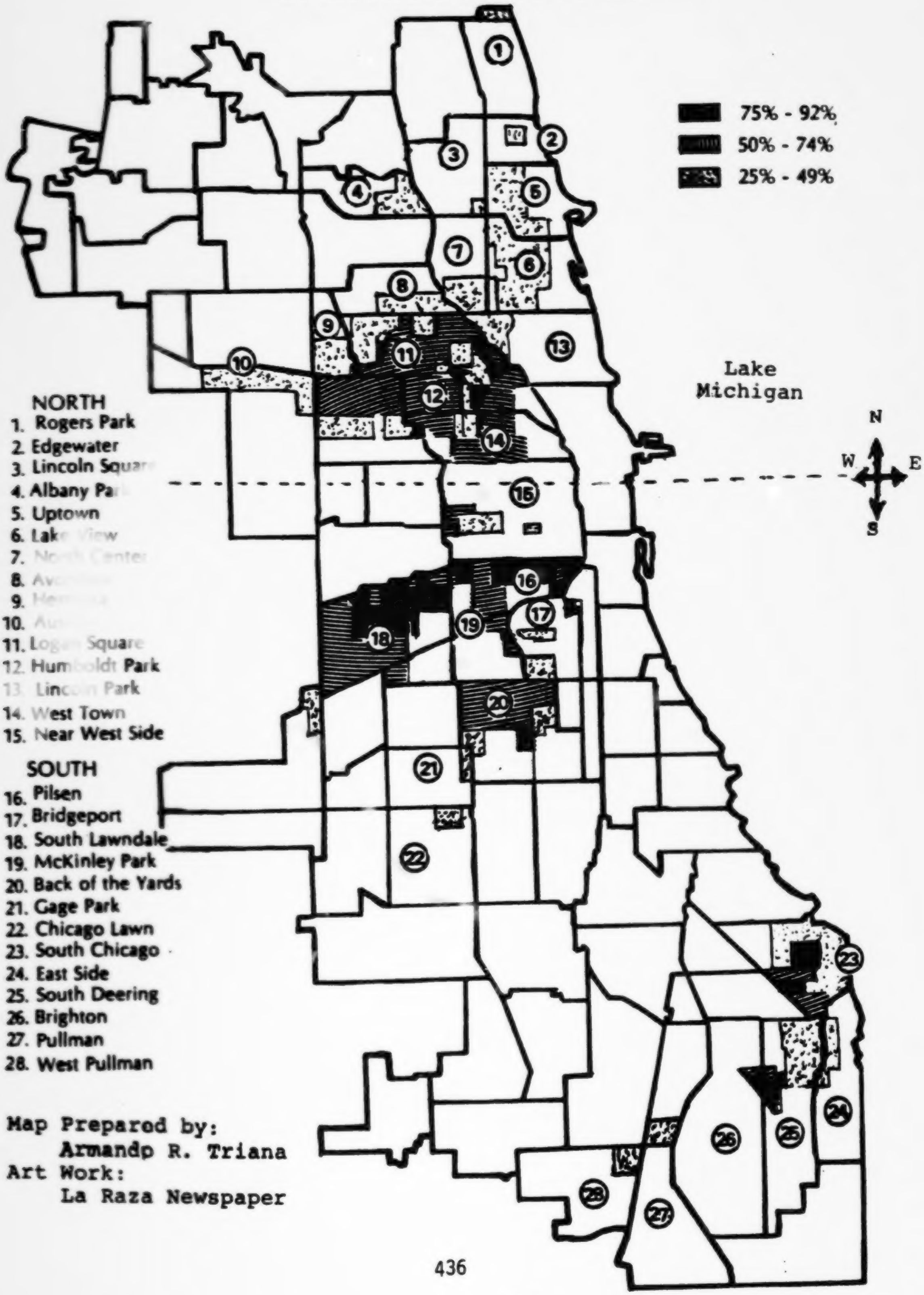
1980 Employment Status Distribution for the Chicago S.M.S.A.*

	Hispanics	Total
Managerial, Technical and Professional	9.8	26.2
Sales, Clerical and other Support	19.0	30.5
Craft	11.7	11.5
Operators	32.8	14.2
Laborers	11.6	5.1
Service	14.0	11.8
Farming, Forestry and Fishing	1.0	0.1

* EEO File from 1980 Census for Chicago S.M.S.A., Bureau of the Census, December 1982.

MAP 1

MAJOR CONCENTRATION OF SPANISH SPEAKING PEOPLE IN THE CITY OF CHICAGO


75% - 92%
50% - 74%
25% - 49%
Lake Michigan
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NORTH

1. Rogers Park
2. Edgewater
3. Lincoln Square
4. Albany Park
5. Uptown
6. Lake View
7. North Center
8. Avondale
9. Hermosa
10. Austin
11. Logan Square
12. Humboldt Park
13. Lincoln Park
14. West Town
15. Near West Side

SOUTH

16. Pilsen
17. Bridgeport
18. South Lawndale
19. McKinley Park
20. Back of the Yards
21. Gage Park
22. Chicago Lawn
23. South Chicago
24. East Side
25. South Deering
26. Brighton
27. Pullman
28. West Pullman

Map Prepared by:
Armandp R. Triana
Art Work:
La Raza Newspaper

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The table shows that Hispanics are very underepresented in Managerial, Technical and Professional positions while overconcentrated in Operator and Laborer positions. The 249,728 Hispanics employed in the Chicago area represent 7.2% of the Chicago area working population. However, they represent 3.6% of the white collar employment (management, technical, professional, sales and clerical) but 12% of the blue collar and service jobs. Hispanics made up 20.6% of those employed as machine operators, assemblers and inspectors. It is interesting to note that although Hispanics were underrepresented in managerial and professional jobs, there were 20,794 Hispanics in these kinds of occupations in the Chicago area in 1980.

Income Distribution

The income distribution among Hispanic in the Chicago area is shown in the following table:

Table 3

1980 Family Income Distribution for Hispanic and Total Population in the Chicago S.M.S.A.*

Yearly Income	Hispanics	Total Population
Below $ 5,000	13.1%	6.8%
$ 5,000 - $ 9,999	13.3%	8.5%
$10,000 - $14,999	15.4%	10.2%
$15,000 - $19,999	16.0%	11.8%
$20,000 - $24,999	14.3%	13.9%
$25,000 and above	27.9%	48.8%
Mean Income	$19,439	$27,853

* 1980 Census STF 3, Northeastern Illinois Planning Commission, 1982

The table shows that the income distribution of Hispanic families in Chicago is more concentrated in the lower income brackets. Fifty-seven percent (57%) of the Hispanic families made under $20,000 compared to thirty-seven percent (37%) for the population as a whole. The average income of Hispanic families in Chicago was 70% of the average income of all families in the area.

On the positive side, Hispanic families in Chicago had 10% higher income than Hispanic families nationwide ($19,439 vs. $17,615). Also, the proportion of Hispanic families who made over $25,000 in Chicago exceeded the proportion of Hispanic families in that category nationwide (27.9 % vs. 22.8%).

Number of Families

The average size of Hispanic families in the Chicago area was 4.12 persons. This was about 17% larger than the average of 3.41 members per family for the Chicago area as a whole. This figure also indicates there are approximately 102,000 Hispanic families within the city of Chicago and about 152,000 Hispanic families in the Chicago Consolidated S.M.S.A.

PURCHASING POWER

The purchasing power of Hispanics can be estimated multiplying their average family income by the number of families. This computation indicates Hispanics for the city of Chicago had a purchasing power of about $2 billion in 1980 and the purchasing power for Hispanics in the Chicago Consolidated S.M.S.A. totalled $3 billion.

THREE KEY CHANGES

The Changing Nationality Mix

Concurrent with the growth of the Hispanic population, there seems to have been a major change in the nationality mix of the Hispanic population in the area during the last decade. The Mexican population has become the dominant factor among the Hispanics in the Chicago area.

Table 1 showed that both the Mexican and Puerto Rican populations in Chicago increased this decade. However, the relative importance of the Mexican American population has been rising because of the slowdown in the growth of the Puerto Rican population. For example, the number of Puerto Ricans in the public elementary schools in Chicago has been decreasing while the number of Mexican children has continued to grow.

In the metropolitan area as a whole, Mexican Americans now represent about 63.9% of all Hispanics while Puerto Ricans represented 21.4% of the total. Cubans were only about 2.9% and other Hispanics the remaining 11.3%. People from El Salvador seem to be the fastest growing segment among the "other Hispanics." Their cultural similarity to Mexicans makes the relevance of catering to Mexican tastes even more important in this market.

The Puerto Rican segment of the market is still significant. It is 134,000 strong and it is geographically concentrated in the Northern part of the city of Chicago. Furthermore, Puerto Ricans are likely to remain a very large segment of the politically active Hispanics during the next ten to fifteen years because they are all U.S. citizens. Furthermore, the profile of the Puerto Rican heads of household is shifting from one dominated by heads of household who were raised in Puerto Rico to heads of household raised in Chicago. This new set of Chicago-raised Puerto Ricans speak English as their dominant language and have higher educational levels that their Spanish language dominant counterparts.

Changes in the Dominant Language Characteristics

There is another very important trend in the Chicago Hispanic market. This market will have to be divided into two major segments by the end of this decade. The breakdown will be determined by whether the heads of household speak Spanish or English as their dominant language. The number of Hispanics in Spanish-speaking households will remain high, but relatively stable. However, the number of second generation Hispanic families will be rising at a very fast pace over the coming years. During the early 1990's the number of Hispanics under heads of household that speak predominantly English will match and surpass those under Spanish-dominant heads of household.

This Hispanic English-dominant group is more educated, and has higher incomes. However, they retain many of the Hispanic cultural characteristics and tastes combined with the characteristics of the mainstream culture. Little is known yet on how to reach and influence this group.

The change in dominant language characteristics interacts with the change in nationality mix in an interesting way. The Spanish dominant segment of the population is now much more predominantly Mexican than shown by statistics of the overall Hispanic population. Most of the new immigrants over the last ten to fifteen years have been Mexican. Puerto Ricans and Cubans in Chicago have not been receiving similar infusions of immigrants during that time. On the other hand, within the English dominant Hispanics, Puerto Ricans represent a much larger proportion than what they represent of the Hispanic population as a whole.

Changes in the Areas of Concentration

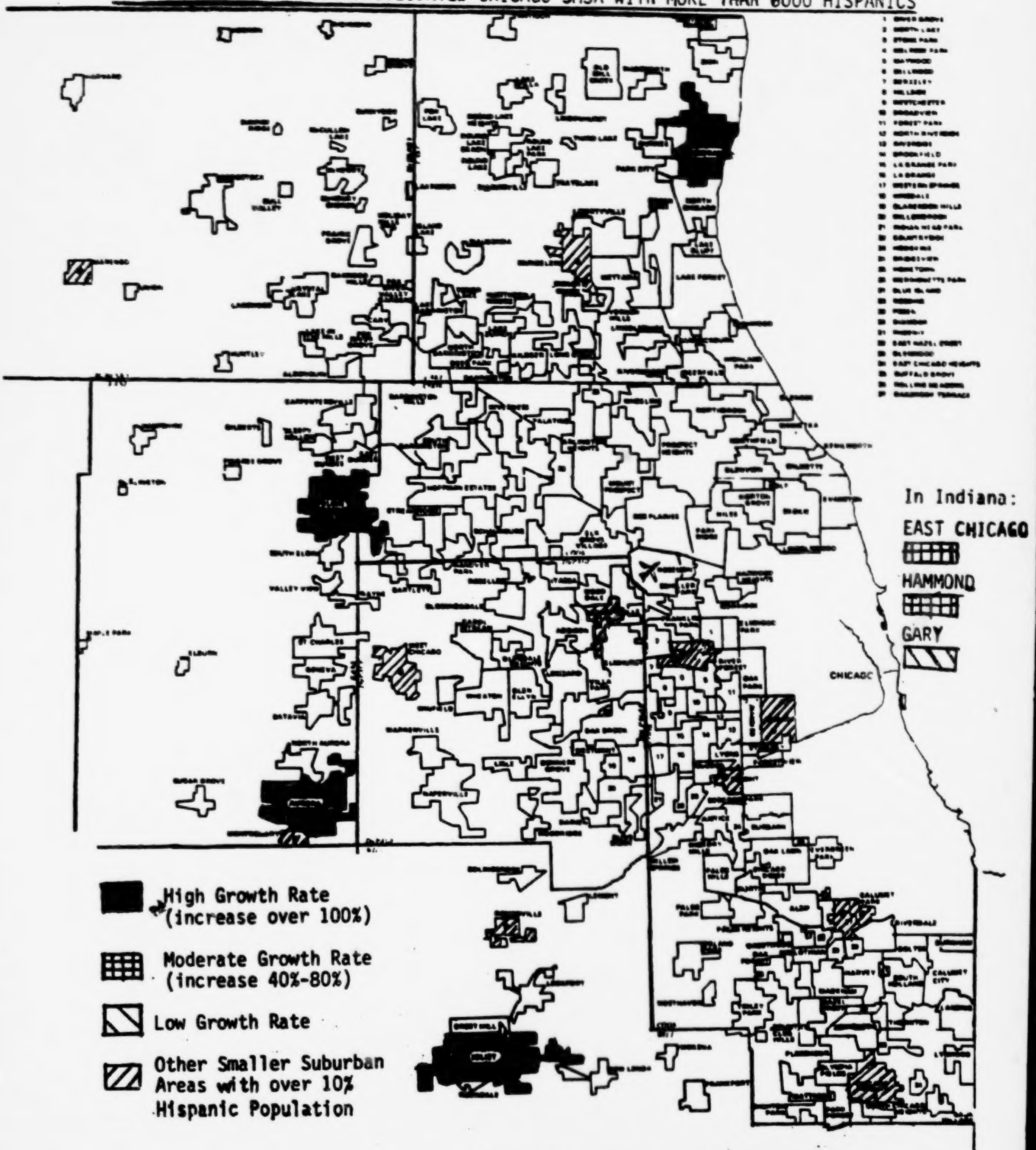
Hispanics have been growing the fastest outside the city and especially fast in the collar counties surrounding Cook County (see Map 2). Almost two thirds of the growth in the collar counties took place in the four major cities of those counties. For example, in Aurora the Hispanic population increased 168% and now represents 17.8% of the total population. In Elgin, Hispanics increased by 123% and represent 10.2% of the population. In Joliet the growth was 106% and Hispanics now represent 8.4% of its population. Finally, in Waukegan the Hispanic growth was 98% and they now represent 16.4% of the city population. This growth in the collar counties seems to be due primarily to new immigrants settling there. It does not appear to be a result of Hispanics moving out there as a result of upward mobility. That is, the settlement in cities that are far from Chicago is likely to be a result of job seeking behavior rather than of a search for suburban life.

Inside of the city of Chicago, nine neighborhoods had at least 6,000 Hispanics each and increased their Hispanic population two to fourfold. These were Logan Square, Little Village, Humboldt Park, Back of the Yards, Rogers Park, North Center, Albany Park, Hermosa and Avondale (see Map 1). These are areas where Hispanics are likely to continue to move in large numbers during the 1980's. Other neighborhoods and cities where Hispanics were concentrated but did not grow as fast tended to be those with high density of old multi-unit rental housing (i.e., Uptown, Pilsen, West Town, South Chicago, East Chicago, Hammond, Gary).

In general, there seems to be a three-prong pattern of demographic expansion. Hispanics continue to move into traditionally blue-collar/new immigrant neighborhoods like Pilsen and West Town. However, they are also moving into more residential and less densely populated areas of the city (i.e., Logan Square, Albany Park, Rogers Park), as well as into the major satellite cities in the Metropolitan area (Aurora, Waukegan, Joliet and Elgin).

MAP 2

SUBURBAN AREAS IN THE CONSOLIDATED CHICAGO SMSA WITH MORE THAN 6000 HISPANICS


In Indiana:
EAST CHICAGO
HAMMOND
GARY
CHICAGO
High Growth Rate (increase over 100%)
Moderate Growth Rate (increase 40%-80%)
Low Growth Rate
Other Smaller Suburban Areas with over 10% Hispanic Population

MUNICIPALITIES IN NORTHEASTERN ILLINOIS
NORTHEASTERN ILLINOIS PLANNING COMMISSION

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FOUR PREDOMINANT LIFESTYLE GROUPS

Within the Hispanic market there are a number of subgroups that share a number of similar characteristics. Some of these characteristics influence dramatically the behaviors of the members of those subgroups. The patterns of behavior that emerge from those influences can be called "life styles." A life-style group has been defined as by Phillip Kotler (Marketing Management, 1980, p. 121-122) as:

> "A group whose members share similar attitudes, interests and opinions . . . (they) are similar in what they like, want and do . . . (they have) somewhat different product, brand and media preferences."

This section represents an attempt to identify some key segments of the Chicago Hispanic population that may merit separate attention in some cases. In my opinion there are four important lifestyles among Hispanics in Chicago. They are defined as such by their:

Dominant language
Family life-cycle stage
Nationality of origin
Socioeconomic status

The four predominant lifestyles defined here do not encompass all Hispanics in Chicago. Members of other subgroups are also part of the Hispanic mosaic in Chicago (i.e., Cubans and South Americans, Businessmen and professionals of different nationalities) as well as having substantial purchasing power. The four groups described here combine in my opinion two characteristics. They are the largest in numbers, and have more unique lifestyle characteristics. A more detailed breakdown of the Hispanic community would point out additional subgroups.

These four groups consist of three that are predominantly Spanish-speaking and one that is bilingual-bicultural but that uses English as their dominant language. I will start by describing the English-dominant because it is the one that will be increasing fastest in numbers and in purchasing power and because it is the most different from the way Hispanics in Chicago are usually perceived.

Group 1: Second Generation Hispanics

The socioeconomic level of this group tends to be substantially higher. Most tend to have high school, and many times college, education. They tend to work in white collar jobs and have incomes around the U.S. median. Their dominant language is English. They speak Spanish but tend to feel most comfortable in English for extended conversations. They prefer to use English language media, but tend to retain a strong preference for Hispanic rhythms, food, and identity. Currently, second generation Puerto Ricans under 35 years of age are the largest component of this group. Second generation Mexicans over 35 are the second largest component of this group. Second generation Mexicans under 35 are the third largest component, but they will become the largest component in the late 1990's. In terms of family life cycle, this group consists of young couples with few or no children. There is also a substantial component of highly educated singles of both sexes in this group.

Group 2: Mexican (and El Salvador) Immigrant Couples with Small Children

This group has a low socioeconomic level (low income, less than high school education, low and semi-skilled blue collar/service jobs); they speak Spanish as their only functional language. Their discretionary income is very low but their propensity to consume is very high. This is the largest segment in the Chicago Spanish speaking market.

Group 3: Puerto Rican Immigrant Couples Whose Children Have Matured and Left Home

This group has a similar socioeconomic level to the previous one except that they tend to have some high school education. They speak Spanish as their dominant language. Their discretionary income is higher because their children are out of the home. This is the second largest group among the Spanish speaking Hispanics.

Group 4: Mexican (and El Salvador) Immigrant Singles

This group has a similar socioeconomic level to the previous ones. They speak Spanish as their dominant language. They save a substantial share of their earnings to send home. Males tend to live in groups. Females tend to work as live-in maids or with relatives. They are the third largest distinct group among the Spanish-dominant Hispanics in Chicago.

CONCLUSION

The previous presentation provides an overview of the young, large, and dynamic Hispanic market in Chicago. Hopefully the ideas presented will stimulate further investigations on this scarcely researched group.

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APPENDIX

KEYNOTE PRESENTATION

At the Opening Session on November 16, 1982

Michael Cárdenas
Administrator
Small Business Administration

All of you are to be complimented for your participation and I am sure you will walk away with a good sense of accomplishment after this seminar.

I have a very important message for Hispanic business operation and future Hispanic business aspirants today. Look to your future in the United States with optimism. Don't limit your scope. Above all, don't be trapped into limits put forth by well-meaning people offering guarantees.

If you make the mistake of falling into this trap, you have imposed limits on your own success. The brochure issued for this meeting makes that point well. It notes a U.S. Hispanic population of nearly 15 million -- over 100,000 strong in 14 major cities.

A striking statistic is that Hispanics represent 10 percent of the U.S. population under 10 years of age compared to three percent of the U.S. population over 65 years of age. You can think of those figures as population. On the other hand, I think of them as consumers and customers -- most of them to be available over a long period of time.

I advise Hispanic business operators and the organizations which support them to insist on bringing Hispanics into the mainstream of the economic and business community rather than aim for a sequestered, set-aside role. This is particularly important with the Hispanic populations of this country which have grown considerably and are expected to grow even more. Just in this area, Hispanics have a potential neighborhood market as a base from which to expand rapidly into the general market.

And, they often have a ready-made asset, the familiarity of language and cultures that foster understanding of that particular market and its needs.

The same applies to opening foreign markets for small businessess -- a goal of the Reagan Administration through new emphasis by SBA and the Department of Commerce.

Hispanic-owned businesses, drawing on language skills and cultural knowledge, should have a natural asset for developing trade with Central and South America where those are dominant.

I encourage Hispanics not to allow thmselves to be inhibited by some guaranteed percentage goal which becomes a quota. Opt for the mainstream. Grab for a bigger piece of the pie in the wide-open competitive market where the sky is the limit.

I have established at SBA the goal of incorporating minority-operated business into our mainstream programs rather than relegating them to some special little corner where they may become satisfied with a lot less than they could achieve in the mainstream. That is one of the changes in attitude I want for SBA.

Another change in philosophy at SBA is in line with a shift in thinking throughout our country. We want to abandon the idea that government can solve everything and that to solve a problem we only have to throw money at it.

SBA has often been portrayed merely as a source of money for businesses -- in many cases, the last resort. But we're emphasizing now that SBA is something else, too. SBA is more than money. We're making SBA good business and good business advice.

SBA should not be in the business of supporting illusions and pipe dreams doomed to failure -- failure at the expense of our hard-pressed taxpayers. We are now emphasizing our responsibility to give good, sound advice to prospective small business operators -- advice that will be backed by consistent decisions on financing.

There is no guarantee of an opportunity to fail at the expense of the taxpayer and there should be no encouragement for a sure failure at the expense of the applicant. That is why we have changed our philosophy to emphasize quality instead of quantity.

Under the current Administration, budgets will not be used up if the expenditures are not justified. Spending is an object and our watch words must be production and success. Those factors know no racial, ethnic, or se identities. They can bless the disadvantaged as well as the advantaged.

The 12 million small businesses in this country produce nearly half of our gross national product and employ nearly half the workers of the country. More importantly, in this day, small businesses provide the large part of the innovation which maintains our leadership of the world and provides two-thirds of the new employment of our country.

I don't have to tell you how vital this is as we work our way out of the present economic conditions -- and put back into a sensible order this economic system that has been so thrown out of kilter during the last 10 to 20 years.

That is what the Reagan Administration's Economic Recovery policy is all about -- opportunity. That is the foundation that has built our country and the key to reviving it now.

As the President's program takes effect, we will see new strength seeping into the economy. All these factors in time, will lead to a real growth rate in our economy in place of a paper growth easily erased by a maddening spiral of inflation.

In concert with the President's program, SBA is adjusting in other ways.

The Agency is taking a more aggressive role in management assistance and other supportive services rather than falling back on the discredited government funding schemes. Part of this philosophy consists of letting the private sector become more involved in assisting and strengthing our small business clients at SBA.

Private sector involvement includes SCORE, the Service Corp of Retired Executives who are being updated quarterly on the latest management techniques, and SBA's Advisory Councils which are composed of active small businessmen and bankers from across the country.

In fact, you may be assured that the summaries of ideas from this symposium will be heard in these advisory councils and at the White House through the National Advisory Council.

We need your support. I will do what I can to earn your respect and support.

PRESENTATION
At the November 17, 1982 Luncheon

Emma Navajas-Rytting, J.D.
Acting Director
Puerto Rico Federal Affairs Administration

Let me begin by thanking you for the opportunity to address this symposium.

It is an honor and a pleasure to represent governor Romero before this distinguished and representative group.

In these economically troubled times it is necessary, more than ever, to examine problems facing Hispanic business and to seek ways to support and stimulate private enterprise and good jobs for our people. Puerto Rico welcomes and supports the efforts of this symposium.

Of about 15 million Spanish-speaking persons in the United States, nearly 2.2 million or 15% are of Puerto Rican origin. We are the second largest subgroup after Mexican-Americans and make up more than 1/2 of the Hispanics in New York City.

Aside from their numbers, Puerto Ricans have a special role to play in the Hispanic community due to the unique position of Puerto Rico with respect to the U.S. mainland. As U.S. citizens, Puerto Ricans migrate to and from the mainland at will and of course, goods also move freely. Puerto Rico has a population larger than several states and is a sizeable market which purchased $5.1 billion worth of U.S. goods in FY'80 - directly or indirectly supporting 153,000 mainland jobs in the U.S.

Later on today you will hear an appraisal of our Economic Development Administration "FOMENTO"'s efforts to establish and expand the manufacturing industry. With this in mind I would like to provide an overview of the development process (successes and shortcomings), give you a glimpse of our integration with and dependence on the U.S. economy, summarize the incentives for large and small business and provide some insights on employment and the labor force.

To understand the present economic situation of Puerto Rico I must explain a little of our remarkably rapid growth since World War II. In 1940 Puerto Rico, the "Poor House of the Caribbean", was heavily dependent on agriculture and sugar accounted for 70% of exports.

In current dollars per capita personal income increased from $296 in 1950 to $587 in 1960, $1,384 in 1970 and $3,494 in 1980. Average family income in current dollars (those of the year indicated) rose from $1,495 in 1950 to $12,928 in 1980. In real terms average family income nearly tripled. Gross product in current dollars grew from $755 million in 1950 to $11,105 million in 1980.

Literacy grew from 20.5% of those over sixteen in 1899 to 68.5% in 1940 and to 91.3% in 1976. Life expectancy at birth grew from 46 years in

1940 to 74 years in 1976. Electric power production grew from 166 megawatt hours in 1940 to 13,682 megawatt hours in 1978. Imports and exports of goods and services respectively grew from $434 million and $392 million in 1950 to $13,619 million and $9,141 million in 1980.

The main manufacturing industry has changed from home needlework to chemicals, pharmaceuticals, machinery, electronics, scientific instruments, even production of a four engine aircraft, and apparel. Agriculture has shrunk in importance to only 3% of gross product. Per capita income is about twice that of Mexico.

What factors have led to this spectacular economic growth record? The most important influence has been Puerto Rico's success in attracting industrial firms from the U.S. through aggressive promotion of the advantages of investing on the Island. With heavy government and private investment the infrastructure (roads, power, water, airports, education, seaports, telecommunications, health, education, banking and other services) is in place to support accelerated development. Our ability to offer exemptions from U.S. and Puerto Rican taxes has been of key importance. We also provide other special incentives including low cost rents on government constructed factory buildings, worker training programs, industrial loans through a Government Development Bank with special incentives for employment creation. Finally, our Economic Development Administration provides a wide variety of services to potential investors, including help in overcoming legal problems, assistance in locating factory sites, and suggestions for sources of local financing. These incentives are applied equally to all industry groups with no attempt to reserve special industries for local investors. However, the incentives do increase for the more remote areas of the Island, and this policy has been highly successful in getting many firms to locate outside metropolitan San Juan. By October 1981 a well-planned set of policies had attracted a total of 1,730 manufacturing firms, with a combined total employment of 138,000 out of total manufacturing employment of 153,000.

This spectacular growth was not without its problems. As the number of high paying manufacturing jobs increased, expectations of improved living standards became general and migration from rural to urban areas grew. This is a common side-effect of development. In Puerto Rico, as elsewhere the number of job openings did not match the number of persons seeking employment. Heavy migration to the mainland was one result. Indeed average per capita and family income could not have increased so much had this not occurred. At first the persistent unemployment problem was thought to be temporary but it proved to be a long phenomenon. Unemployment was 15% in 1940, dropped to 13% in 1950 and to 10% in 1970. It stayed in the 12% rate until the OPEC induced recession when it rose to a peak of 23% in 1976. After dropping to 17% in 1980, the new OPEC oil price increases and the U.S. stagflation and recession have raised it to more than 21% in October 1981.

A complete reversal in oil prices has changed the competitive position of our large petrochemical industry. To overcome U.S. shipping cost disadvantages in selling products in the U.S. market competitive with imports and domestic products, Puerto Rico had been permitted by successive U.S. administrations to base its refinery and petrochemical industry on cheaper foreign oil. When foreign oil became more expensive than domestic, only entitlements kept the industry operating. Now major petrochemical segments have been forced to shut down at least temporarily. Completion of additional downstream facilities planned as the basis for fabrication now appear unlikely. Similarly our electrical energy and process steam is 99% dependent on residual fuel oil, and costs have multiplied. Shipping on which we depend for raw materials and markets has risen greatly in cost.

Other important problems include a significant drop in gross domestic investment, construction and investment in machinery from peaks reached in the early seventies. The probable cause is a combination of inflation (which with fixed depreciation lowers real returns below costs of borrowing), poor U.S. economic performance (which accounts for most external demand), and over capacity in some areas. Up until the 74-76 recession Puerto Rico was able to continue to expand in the post World War period even when the U.S. was in recession.

Now, like many or most of you, we face a watershed change. In the 74-76 recession, federal grants and transfer payments rose sharply. Puerto Rico temporarily overborrowed in the municipal bond market to finance infrastructure investment and assist in maintaining employment. Now federal programs will decline in real terms and like all state and local jurisdictions we face extraordinarily difficult financing problems, leading to present efforts to cut our public expenditures by $100 million this fiscal year.

We have done well in creating employment but we must do better particularly when high unemployment and low workforce participation are taken together. In the U.S. the over sixteen population participation rate is about 65% and projected to rise to 67% to 69% level in the 1985-1990. Puerto Rico's participation rate has dropped from 53% in '50 to about 43% in 1980.

For the long term probably the most serious deficiency is the sharp mismatch between the limited vocational and technical education facilities including students, and existing and projected job markets in the U.S. and Puerto Rico for people with technical and directly relevant Spanish and English language skills. However, I must say with some pride that Puerto Rican women are not only rapidly increasing their participation on our workforce, they are educating themselves in an unprecedented way. In 1968 only 27.8% of men compared to 47.3% of women in the workforce had 13 or more years of education. By 1978 the figures were 44.6% for men and 64.5% for women. The fact that we are increasingly well educated, form more than 1/3 of the workforce and are increasing our participation at 1% or more per year has deep and widespread significance.

While I have tried to define both successes and shortcomings, I remain optimistic that many of our problems may be solved through our own hard work, self-help and policy changes. We are also working closely with a special White House Task Force to establish mutually the best options and actions to re-establish high investment, output and job growth rates.

Now let me say a few words about small business which offers perhaps the greatest promise for job creation.

Local investment can have much greater benefits per investment dollar than outside investment because it involves higher income payments locally and can do more to develop entrepreneurship. Local small businesses are usually smaller and more labor intensive than outside firms. A study of job generation in the U.S. by David Birch found that most new jobs created between 1969 and 1976 were in firms with less than 20 employees. This underlines the importance of supporting small businesses on the mainland as well as in Puerto Rico.

Although Puerto Rico has access to a very large market, and a skilled and educated work force, new local firms must compete directly with established mainland companies. They face difficulties in obtaining financing, in marketing products and in other areas like mainland small businesses. To encourage our local industry and deal with these problems the Puerto Rican government and Fomento have taken a variety of measures. In the early 1950's Fomento created a "Local Industry Promotion Division" and this was followed almost immediately by a "Department of Puerto Rican Industries". Other departments also cooperated in providing a wide range of services. These included technical assistance by Fomento engineers in quality and cost control, design work on furniture and clothing undertaken or subsidized by Fomento, assistance in packaging and advertising, and special scholarships and seminars to improve management skills.

As a result, employment in tax-exempt local firms grew substantially from 1965 to 1981 and today represents about 25% of manufacturing employment. However, this is insufficient and reflected relatively small scale assistance programs compared to the need. A survey of local industrialists indicated that 73% received no outside help in 1977-78 and only 5% used the services of Fomento.

Recently, however, the local industry assistance program has been expanded. Current economic incentives for local production center around a special employment subsidy for local firms of $250 per job, a 10% preference to local firms in contract bids to the Puerto Rican government and a subsidy of up to $5,000 for plant improvements. Since quality of local products often needs upgrading to penetrate markets, a subsidy of up to $10,000 is offered to firms establishing a quality control system. Up to $4,000 per product patented is available to encourage local inventors. Special incentives or tax-treatment are also available for particular industries which are often local - such as clothing, furniture and beer. Another aspect is identifying potential markets. A recently completed study to assist local investors determined which intermediate goods currently imported by large companies could economically be produced on the Island.

We also assist in export promotion. Many small local firms do not have expertise in packaging, advertising or other necessary areas, although a small number -- particularly specialty food firms -- have succeeded. If these barriers can be more easily overcome, many small firms could greatly expand their markets. Fomento has been arranging for Puerto

Rican manufacturers to appear in a variety of international trade fairs. Our New York office also maintains a marketing booth for Puerto Rican crafts. We hope to expand mainland sales promotion activities. Also our Commerce Department has had significant success in co-sponsoring regional trade missions for Puerto Rican businessmen.

We have also set up a Puerto Rican Development Fund, a Design Center and showroom, and a marketing department within Fomento to support local business. Private groups such as the Puerto Rico Products Association are also active.

The current recession and high interest rates are endangering many small businesses. No state or local jurisdiction has the capacity to overcome the effects of an overall U.S. economic decline. We rise or fall together.

I sincerely hope that in fighting inflation and encouraging new productive investment, the President, the Congress, Treasury and the Federal Reserve Board will be sufficiently pragmatic, timely and decisive to adjust course sufficiently both to avoid an extended recession and bring down interest rates sharply and soon.

Finally, let me stress that federal, state and local laws, regulations and programs exist because neither markets nor the world are perfect. Let us encourage the Administration to maintain a "safety net" for small business.

Budget cuts have adversely affected some specific programs such as skill training and the Small Business Administration's loan programs. Given the Administration's positive attitude toward business, requests of and advice by the Hispanic business community should receive a favorable hearing. Participants in this symposium should make sure that our conclusions are presented to the Administration to clarify the needs, business development and job projects of the Hispanic community. Thank you.

OFFICE OF THE MAYOR
CITY OF CHICAGO

JANE M. BYRNE
MAYOR

PROCLAMATION

WHEREAS, the Hispanic Business community will celebrate the growth of its service to consumers at a National Symposium on Hispanic Business and Economy at the Holiday Inn Mart Plaza on November 16th and 17th, 1981; and

WHEREAS, the symposium serves as a medium to encourage research and to stimulate a healthy exchange of views and information regarding Hispanic business and development nationwide; and

WHEREAS, the meeting is hosted by DePaul University of Chicago and will feature representatives from the academic, business and public sectors who will present important information on these areas of endeavor; and

WHEREAS, the aims, accomplishments and problems of the Hispanic business and economic development will be highlighted to give the public a better understanding of the Hispanic community:

NOW, THEREFORE, I, Jane M. Byrne, Mayor of the City of Chicago, do hereby proclaim the week of November 16 through November 20th HISPANIC BUSINESS AND ECONOMY WEEK IN CHICAGO and urge Chicagoans to take cognizance of the events scheduled for this time.

Dated this 23rd day of October, 1981.

Jane M. Byrne
Mayor

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STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
SPRINGFIELD 62706

JAMES R THOMPSON
GOVERNOR

October 8, 1981

Greetings:

As Governor of Illinois, I am pleased to send greetings to the many people attending the Third National Symposium on Hispanic Business and Economy.

I am proud to welcome all of you to Chicago as you take part in this great Symposium. I know that you will all come away from your meetings and discussions with a renewed sense of dedication. The future of Illinois, and indeed all of our States, depends on Symposiums such as yours. We all need to work together to build a strong future for all of our people, and I certainly wish you well as you gather to discuss the future of Hispanic Business and Economy.

On behalf of the 11 million people of Illinois, please accept my sincere best wishes.

Sincerely,

James R. Thompson
GOVERNOR

JPT/bw

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